

MURRAY CITY CORPORATION, UTAH

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2007

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MURRAY CITY CORPORATION
FINANCE & ADMINISTRATION

November 9, 2007

Citizens of Murray City
The Honorable Mayor and
Members of the Municipal Council
Murray City Corporation
Murray, Utah 84107

The Comprehensive Annual Financial Report (CAFR) of Murray City Corporation (Murray City) for the fiscal year ending June 30, 2007, is submitted herewith. Utah state law requires that 'the Finance Director in cities of the first and second class shall present to the governing body an annual financial report prepared in conformity with generally accepted accounting principals (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed, certified public accountants. This report, which fulfills these requirements, was prepared by the Murray City Finance Division.

This report consists of management's representations concerning the finances of Murray City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Murray City government has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Murray City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Murray City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Murray City's financial statements have been audited by Hansen, Bradshaw, Malmrose and Erickson, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Murray City for the fiscal year ended June 30, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Murray City's financial statements for the fiscal year ended June 30, 2007, are fairly presented in conformity with GAAP. The report of the independent auditor is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD & A). This letter of transmittal is designed to complement MD & A and should be read in conjunction with it. The Murray City's MD & A can be found immediately following the report of the independent auditors.

Profile of the Government

Murray City, incorporated in 1902, is located in the central portion of Salt Lake County, approximately 8 miles south of Salt Lake City. Murray City currently occupies a land area of about 11 square miles and serves a population of about 45,000. Murray City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to impose a 1% local option sales tax on all retail sales.

Murray City has operated under the strong mayor-council form of government since 1982. Policy-making and legislative authority are vested in the City Council which is made up of five members elected by district. The City Council is responsible, among other things, for passing ordinances, adopting the budget, approving appointments to committees and approving the department heads appointed by the Mayor. The Mayor, who is full time, is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government and for appointing the heads of the various departments. The City Council is elected on a non-partisan basis with members serving on a staggered four year term basis. The Mayor is elected at-large for a four year term.

The City provides a full range of services. These services include police and fire protection; sanitation services, the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. In addition to general government activities, the governing body controls the Water Fund, the Waste Water Fund, the Power Fund, the Solid Waste Management Fund, the Telecommunications Fund, the Storm Water Fund and the Murray Parkway Recreation Fund; therefore, these activities are included in the reporting entity. However, the Murray City School District has not met the established criteria for inclusion in the reporting entity, and, accordingly, is excluded from this report.

The annual budget serves as the foundation for Murray City's financial planning and control. All funds of the City are required to submit requests for appropriations to the Mayor on or before the third Monday in February each year. The Mayor uses these requests as the starting point for developing a tentative budget. The Mayor then presents this tentative budget to the City Council for review by the second Tuesday of April. The City Council is required to hold a public hearing on the tentative budget and to adopt a final budget no later than June 20th. The appropriations budget is prepared by fund, function (e.g. public safety), and department (e.g. police). With the consent of the budget officer, department heads may make transfer of appropriations within a department. Transfer of appropriations between departments requires the approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. The level of budgeting control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the departmental level within an individual fund.

Factors Affecting Financial Conditions

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Murray City operates.

Local Economy. Murray City currently enjoys a good economic environment and local indicators point to a slightly improving environment in the coming year. Murray City is a major retail center in Salt Lake County with a regional mall, nine major automobile dealerships and several big box retailers. The City expects fair economic growth over the next three to four years with the reconstruction the Fashion Place Mall which will include rebuilding of two high end department stores, a new life style center, additional restaurants and expansion to over 1,000,000 square feet of retail space.

Long-term financial planning. Murray City has several capital construction projects in its five year plan; including about \$6,000,000 to purchase land for and build two new fire stations to provide faster response times for our residents. The City will continue to use General Fund monies to construct, repair and maintain city roads in accordance with the pavement management plan.

Cash Management policies and practices. Murray City has entered into an agreement with a major Utah bank where the balances in checking accounts are transferred to an Automatic Repurchase Agreement at the end of each banking day. These agreements allow the City to earn interest on all idle cash. All other cash temporarily idle during the year was invested in the United States Treasury and Federal Agency Money Market accounts, Zions Bank Certificates of Deposit and the Utah Treasurer's Investment Fund. All investments are considered short term and can be redeemed in three business days. The average yield on investments was 5.21 percent for FY 07. Because all the City's investments are very short term there is minimal difference between the fair market value of its investment and its carrying value.

Risk Management. Murray City has employed a full time Health and Safety Manager for a number of years and uses various risk control techniques to minimize accident-related losses. Murray City is fully insured for workmen's compensation, health, commercial property and automobile liability coverage. Murray City maintains a \$250,000 deductible on its general liability policy and is fully self-insured for vehicle physical damage and unemployment compensation coverage.

Pension and other post-employment benefits. Murray City is a mandatory participant in the state-wide Utah Retirement System (URS), a defined benefit pension plan. Each year the URS engages an independent actuary to determine the contributory rate which must be made to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. Murray City is legally required to make this actual determined contribution to pension plans in which the City participates. As a result of URS conservative funding policy, the Contributory System is 96% funded, the Non-contributory Retirement System is 96% funded, the Public Safety Retirement System is 92% funded and the Firefighters Retirement System is 108% funded. We expect all Retirement Systems which are currently not fully funded to achieve full funding within the next ten years.

Murray City does not provide any material post-retirement health and dental care benefits for its retirees and their dependents.

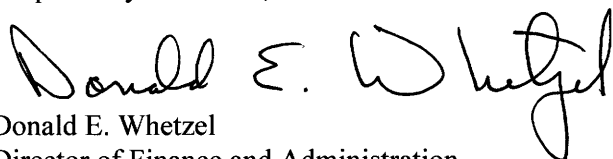
Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Murray City Corporation for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the twenty-sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Division. I would like to express my appreciation to all members of my staff who assisted in and contributed to its preparation. Credit must also be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of Murray City's finances.

Respectfully submitted,

A handwritten signature in black ink, reading "Donald E. Whetzel". The signature is written in a cursive style with a large, stylized "D" and "W".

Donald E. Whetzel
Director of Finance and Administration
Chief Financial Officer

MURRAY CITY CORPORATION

PRINCIPAL OFFICIALS

ELECTED OFFICIALS

Daniel C. Snarr
Mayor

Krista Dunn
Council Chairman

James A. Brass
Council Member

Pat Griffith
Council Member

Jeffery L. Dredge
Council Member

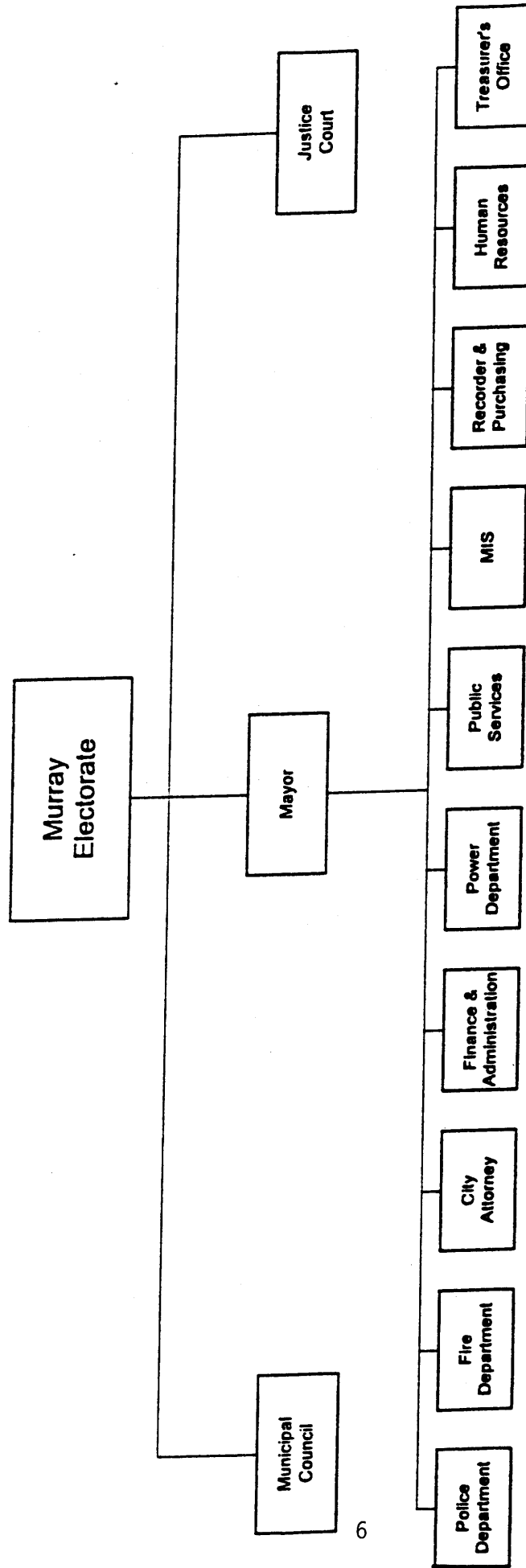
Robbie Robertson
Council Member

DEPARTMENT AND DIVISION HEADS

Daniel Barr
Douglas P. Hill
Gilbert Rodriguez
P. Gary Ferrero
Ronald L. Koller
G. Keith Snarr
Peter A. Fondaco
David Larsen
Blaine Haacke
Carol D. Heales
Don Whetzel
Dale L. Whittle

Library Director
Public Services Director
Fire Chief
Justice Court Judge
City Treasurer
Economic Development Director
Police Chief
MIS Director
Power General Manager
City Recorder / Purchasing Agent
Director of Finance and Administration/CFO
Human Resources Director

Murray City Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Murray City Corporation
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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FINANCIAL SECTION

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

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Robert D. Wood, CPA

*Members of the
American Institute
of Certified Public
Accountants*

*Members of the
Private Company
Practice Section*

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor and Members of the City Council
Murray City Corporation, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Murray City Corporation, Utah (the City), as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Murray City Corporation, Utah, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 11-18 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison information, and statistical tables are presented for purposes of additional analysis are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

November 2, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Murray City Corporation, we offer readers of the Murray City financial statements this narrative overview and analysis of the financial activities of Murray City for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets of Murray City exceeded its liabilities at the close of the most recent fiscal year by \$144,403,907 (net assets). Of this amount, \$34,549,106 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Murray City's total net assets increased by \$17,530,074.
- As of the close of the current fiscal year, Murray City's governmental funds reported combined ending fund balances of \$16,192,472 an increase of \$3,607,199 in comparison with the prior year. Approximately 78 percent of this total amount, \$12,552,657 is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$8,091,631 or 25 percent of total general fund expenditures.
- Murray City's total bonded debt decreased by \$3,340,000 (7 percent) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Murray City's basic financial statements. Murray City's basic financial statements comprise three components:

1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Murray City's finances, in a manner similar to private-sector business.

The *statement of net assets* presents information on all of Murray City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Murray City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Murray City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Murray City include general government, public safety, highways and public improvements, parks and recreation, library and community and economic development. The business-type activities of Murray City include a Water Fund, Wastewater Fund, Power Fund, Murray Parkway Fund, Solid Waste Management Fund, Storm Water Fund and Telecommunications Fund.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Murray City, like any other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Murray City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Murray City maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund. Data from the other seven governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Murray City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. Murray City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Murray City uses enterprise funds to account for its Water Fund, Waste Water Fund, Power Fund, Murray Parkway Recreation Fund, Solid Waste Management Fund, Storm Water Fund and Telecommunications Fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Murray City's various functions. Murray City uses internal service funds to account for maintenance of its vehicles and for its self insurance programs. Because both of these services predominantly benefit government rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund, the Waste Water Fund, and for the Power Fund, all of which are considered to be major funds of Murray City.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Murray City, assets exceeded liabilities by \$144,403,907 at the close of the most recent fiscal year.

By far the largest portion of Murray City's net assets (76 percent), reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Murray City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Murray City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

MURRAY CITY'S Net Assets						
(In thousands)						
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 31,702	\$ 28,453	\$ 27,400	\$ 26,920	\$ 59,102	\$ 55,373
Capital assets	65,135	67,084	86,355	72,422	151,490	139,506
Total assets	96,837	95,537	113,755	99,342	210,592	194,879
Long-term liabilities outstanding	14,421	14,803	32,147	32,511	46,568	47,314
Other liabilities	10,718	13,372	8,903	7,319	19,621	20,691
Total liabilities	25,139	28,175	41,049	39,830	66,188	68,005
Net assets:						
Invested in capital assets, net of related debt	52,908	52,275	56,427	42,286	109,335	94,561
Restricted	520	1,900	0	314	520	2,214
Unrestricted	18,270	13,187	16,278	16,911	34,549	30,098
Total net assets	\$ 71,698	\$ 67,362	\$ 72,705	\$ 59,511	\$ 144,404	\$ 126,873

An additional portion of Murray City's net assets (.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$34,549,106) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Murray City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an increase of \$17,530,074 in net assets of Murray City during the current fiscal year. The primary reason for increase in net assets was the expanded investment in capital assets by the enterprise funds.

Governmental activities. Governmental activities increased Murray City's net assets by \$4,336,252 thereby accounting for 25% of the total increase in the net assets of Murray City. Key elements are as follows:

MURRAY CITY'S Changes in Net Assets
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 6,474	\$ 5,949	\$ 46,287	\$ 40,827	\$ 52,761	\$ 46,776
Operating grants and contributions	555	457			555	457
Capital grants and contributions	14,893	1,491			14,893	1,491
General revenues:						
Property taxes	8,784	8,517			8,784	8,517
Franchise taxes	3,481	3,172			3,481	3,172
General sales taxes and energy sales taxes	15,235	15,115			15,235	15,115
Interest income	1,068	727	831	785	1,899	1,512
Gain on disposal of assets	109	115	199	2,558	308	2,673
Miscellaneous	325	202	32		357	202
Total revenues	50,924	35,745	47,349	44,170	98,273	79,915
Expenses:						
General government	5,090	4,557			5,090	4,557
Public safety	15,758	14,387			15,758	14,387
Highways & public improvements	5,915	7,430			5,915	7,430
Parks & recreation	6,705	6,557			6,705	6,557
Library	1,478	1,468			1,478	1,468
Community & economic dev.	434	607			434	607
Interest on long term debt	427	709			427	709
Power			33,585	32,394	33,585	32,394
Water			4,023	3,663	4,023	3,663
Waste water			3,354	3,404	3,354	3,404
Non-major proprietary funds			3,974	2,139	3,974	2,139
Total expenses	35,807	35,715	44,936	41,600	80,743	77,315
Increase in net assets before transfers	15,117	30	2,413	2,570	17,530	2,600
Transfers	-10,781	1,019	10,781	-1,019	0	0
Increase in net assets	4,336	1,049	13,194	1,551	17,530	2,600
Net assets at Beg. of year, as restated	67,362	66,313	59,511	57,961	126,874	124,274
Net assets at end of year	\$ 71,698	\$ 67,362	\$ 72,705	\$ 59,512	\$ 144,404	\$ 126,874

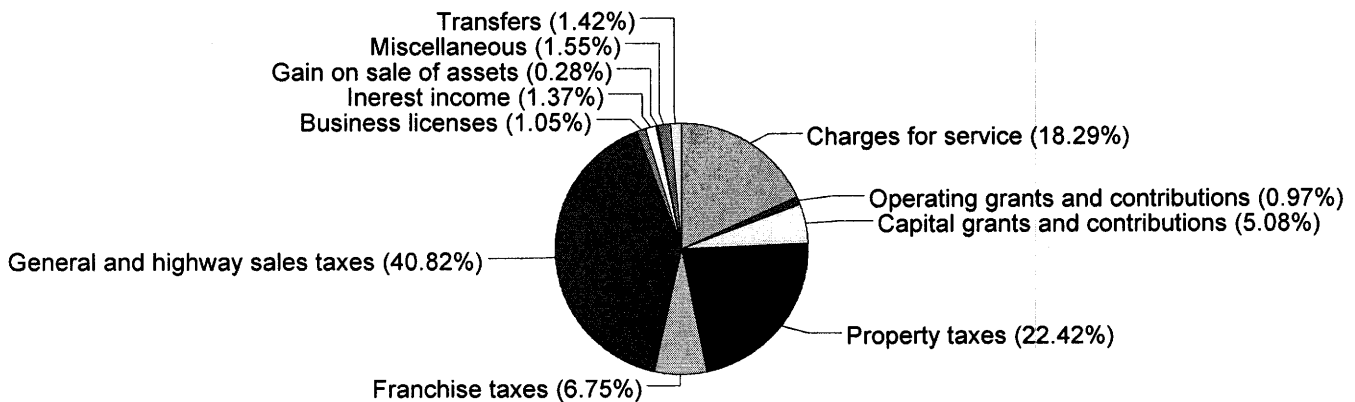
- Capital grants and contributions increased by \$13,402,000 (899 percent) during the fiscal year primarily due to the issuance and costs of \$9,990,000 in Sales Tax Revenue Refunding Bonds to refinance all of the outstanding Murray City Municipal Building Authority Bonds with a net present value savings to Murray City of \$312,000.
- Highways and public improvements decreased by \$1,176,822 (21 percent) due to \$627,000 being transferred to the Capital Projects Fund at the end of fiscal year 2007.
- For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Expense and Program Revenue - Governmental Activities

Expense and Program Revenue - Governmental Activities
(In thousands)

	Expense	Program Revenue	Net Governmental Activities
General	\$ 5,090	\$ 3,394	\$ -1,695
Public safety	15,758	794	-14,964
Highways and public improvement	5,915	14,866	8,952
Parks, recreation and public property	6,705	1,749	-4,956
Library	1,478	50	-1,427
Community and Economic Development	434	1,069	636
Interest on long-term debt	427	0	-427
Total	\$ 35,807	\$ 21,922	-\$ 13,885

Revenue by Source - Governmental Activities



Business-type activities. Business-type activities increased Murray City's net assets by \$13,193,822.

Key elements of this increase are as follows:

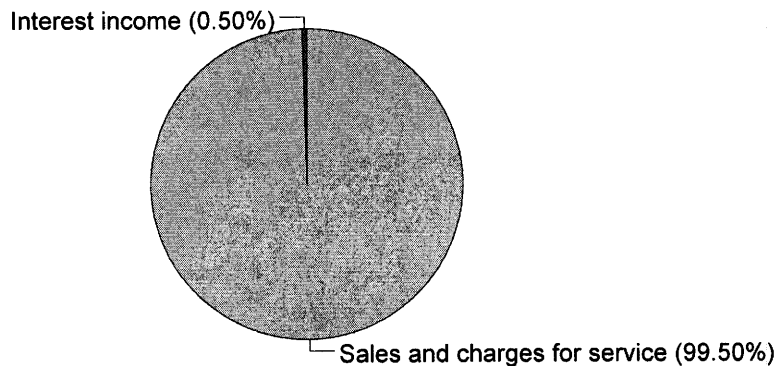
- Most of the business-type activities saw a moderate increase in operating expenses while charges for services for business-type activities also increased moderately.
- Transfers from governmental activities were \$10,780,982.

Expenses and Program Revenues - Business-type activities

Expenses and Program Revenue - Business-type Activities (In thousands)

	Expense	Program Revenue	Net Business-type Activities
Power	\$ 33,585	\$ 33,379	\$ -207
Water	4,023	5,566	1,543
Wastewater	3,354	3,399	45
Non-major funds	3,974	3,943	-31
Total	\$ 44,936	\$ 46,287	\$ 1,351

Revenue by Source - Business-type activities



Financial Analysis of the Government's Funds

As noted earlier, Murray City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Murray City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Murray City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Murray City's governmental funds reported combined ending fund balances of \$16,192,472 an increase of \$3,607,199 in comparison with the prior year. Approximately 78 percent of this total amount or \$12,552,657 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to pay for capital projects, to generate income to pay for the perpetual care of the municipal cemetery and for a variety of other restricted purposes.

The general fund is the chief operating fund of Murray City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$8,091,631 while total fund balance was \$11,156,670. As a measure of

the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 25 percent of total general fund expenditures, while total fund balance represents 31 percent of that same amount. The fund balance of Murray City's general fund increased by \$2,095,600 during the current fiscal year.

Proprietary funds. Murray City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water Fund at the end of the year amounted to \$5,066,824, in Waste Water Fund, unrestricted net assets amounted to \$2,137,901, for the Power Fund, unrestricted net assets amounted to \$8,449,771 and for the Storm Water Fund unrestricted net assets amounted to \$243,249.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were very minor (\$290,000 increase in appropriations) with the Police Department receiving a \$90,000 increase, Recreation \$20,000 and Bad Debt \$180,000 in increases. These increased allocations were funded by an increase in sales tax revenue of \$235,000 and an increase in Intergovernmental revenue of \$55,000. There were no significant differences between the amended budget and the actual results. The amendment will have no significant effect on future services or liquidity.

Capital Asset and Debt Administration

Capital assets. Murray City's investment in capital assets for its governmental and business-type activities as of June 30, 2007 amounts to \$151,490,607 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total change in Murray City's investment in capital assets for the current fiscal year was 8.6 percent (a 3 percent decrease for governmental activities and a 19 percent increase for business-type activities). These change in capital assets will have no effect on the availability of fund reserves for future use.

Major capital asset events during the current fiscal year included completion of the upgrade of the electrical transmission system from 47Kv to 138Kv for \$4,576,000 and various road projects for \$1,371,000.

MURRAY CITY'S Capital Assets

(In thousands)

(Net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 10,510	\$ 9,944	\$ 3,850	\$ 3,850	\$ 14,360	\$ 13,794
Buildings	24,051	24,051	5,986	5,885	30,037	29,936
Improvements other than buildings	15,215	15,121	141,317	104,820	156,532	119,941
Machinery and equipment	13,639	13,152	20,411	17,331	34,050	30,483
Infrastructure	55,916	71,866	0	0	55,916	71,866
Construction in progress	208	13	1,265	8,175	1,473	8,188
	119,538	134,147	172,828	140,061	292,368	274,208
Less accumulated depreciation	-54,403	-67,063	-86,473	-67,639	-140,876	-134,702
Net Capital Assets	\$ 65,135	\$ 67,084	\$ 86,355	\$ 72,422	\$151,491	\$139,506

Long-term debt. At the end of the current fiscal year, Murray City had total bonded debt outstanding of \$45,620,000. All of Murray City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

MURRAY CITY'S Outstanding Debt
(In thousands)

	Governmental Activities		Business--type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenue bonds	\$13,115	\$15,510	\$32,505	\$33,450	\$45,620	\$48,960

Murray City's total bonded debt decreased by \$3,340,000 (6.8 percent) during the current fiscal year.

Murray City's Electric Revenue Bonds Series 2001, 2004 and 2006 as well as the 2003 Water and Sewer Revenue Bonds, Excise Tax Revenue Bonds, Sales Tax Revenue Refunding Bonds Series 2007 are rated Aaa by Moody's and are insured. The City's Sales Tax Revenue Bond Series 2002 are not rated. In May 2002, Murray City issued \$1,865,000 in Sales Tax Revenue Bonds Series 2002 to finance capital improvements to various parks within the City. As allowed by state law the Redevelopment Agency of Murray City will make all principal and interest payments on these bonds over the next 9 years.

In November of 2006, Murray City refunded a portion of the Series 2001 and 2004 Electric Revenue Bonds with the Series 2006 Electric Revenue Bonds with a net present value savings of almost \$612,000. In March of 2007 the City refunded and defeased the Municipal Building Authority Bonds Series 1997 and 2001 with the Sales Tax Revenue Bonds Series 2007 with a net present value savings of \$312,000.

State statutes limit the amount of debt a governmental entity may issue to 8 percent of its reasonable fair cash value of property. The current debt limitation for Murray City is \$307,980,000, which is significantly in excess of Murray City's outstanding debt.

Additional information on Murray City's long-term debt can be found in note 4.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for Murray City is currently 2.6 percent, which is a decrease from a rate of 3.1 percent a year ago. This compares to the state's average unemployment rate of 2.6 percent and the national average of 4.5 percent.
- The occupancy rate of the government's retail stores and business offices has remained in the high 90 percent for the past three years.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing Murray City's budget for the 2008 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Murray City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 5025 South State Street, Murray City, Utah, 84107.

MURRAY CITY CORPORATION, UTAH
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Governmental Activities	Business-type Activities	TOTAL
ASSETS			
Cash and cash equivalents	\$ 15,183,623	\$ 11,234,075	\$ 26,417,698
Investments	\$ 1,998,524		1,998,524
Receivables (net of allowance for uncollectibles)	6,869,167	5,350,347	12,219,514
Inventories	69,998	1,930,788	2,000,786
Due from other governments	2,921,623	111,150	3,032,773
Notes receivable	2,104,397	-	2,104,397
Restricted cash	34,776	2,244,097	2,278,873
Land held for resale	20,000	-	20,000
Land	10,509,532	3,849,761	14,359,293
Buildings	24,050,713	5,985,675	30,036,388
Improvements other than buildings	15,214,834	141,317,191	156,532,025
Machinery and equipment	11,205,472	19,141,435	30,346,907
Furniture and fixtures	2,433,150	1,269,297	3,702,447
Infrastructure	55,916,430	-	55,916,430
Construction in progress	208,323	1,264,619	1,472,942
Accumulated depreciation	(54,403,198)	(86,472,627)	(140,875,825)
Investments in joint ventures	1,603,894	3,239,123	4,843,017
Unamortized bond issue costs	895,989	1,039,119	1,935,108
Prepaid generation and transmission fees	-	2,251,001	2,251,001
Total assets	96,837,247	113,755,051	210,592,298
LIABILITIES			
Accounts payable	640,914	4,425,656	5,066,570
Accrued interest payable	76,240	188,043	264,283
Accrued liabilities	1,448,290	533,072	1,981,362
Deposits	12,699	1,270,140	1,282,839
Unearned revenue	6,827,779	-	6,827,779
Non current liabilities			
Due within one year	1,711,976	2,485,614	4,197,590
Due in more than one year	14,420,873	32,147,095	46,567,968
Total liabilities	25,138,771	41,049,620	66,188,391
NET ASSETS			
Invested in capital assets, net of debt	52,908,117	56,426,684	109,334,801
Restricted for perpetual care - nonexpendable	520,000	-	520,000
Unrestricted	18,270,359	16,278,747	34,549,106
Total net assets	\$ 71,698,476	\$ 72,705,431	\$ 144,403,907

The notes to the financial statements are an integral part of this statement.

MURRAY CITY CORPORATION, UTAH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

	Program Revenues				Business-type Activities	Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Governmental Activities	
Governmental activities						
General government	\$ 5,089,925	\$ 3,385,471	\$ 8,730		\$ (1,695,724)	\$ (1,695,724)
Public safety	15,758,002	322,965	470,635		(14,964,402)	(14,964,402)
Highways and public improvements	5,914,630		1,875	\$ 14,864,499	8,951,744	8,951,744
Parks, recreation and public property	6,705,421	1,689,310	60,000		(4,956,111)	(4,956,111)
Library	1,477,881	35,273	14,203		(1,428,405)	(1,428,405)
Community and economic development	433,737	1,041,150		28,125	635,538	635,538
Interest on long-term debt	427,264				(427,264)	(427,264)
Total governmental activities	35,806,860	6,474,169	555,443	14,892,624	(13,884,624)	(13,884,624)
Business-type activities						
Power	33,585,345	33,378,621			(206,724)	(206,724)
Water	4,022,923	5,565,674			1,542,751	1,542,751
Wastewater	3,353,761	3,399,200			45,439	45,439
Golf course	1,729,276	1,591,986			(137,290)	(137,290)
Storm water	1,462,630	1,521,977			59,347	59,347
Solid waste	782,577	829,573			46,996	46,996
Total business-type activities	44,936,512	46,287,031			1,350,519	1,350,519
General Revenues						
Taxes						
Property taxes					8,783,986	8,783,986
Franchise taxes					3,480,723	3,480,723
General sales taxes and highway sales taxes					15,234,712	15,234,712
Interest income					1,068,574	1,068,574
Gain on sale and disposal of assets					109,197	109,197
Miscellaneous					324,666	324,666
Transfers					(10,780,982)	(10,780,982)
Total general revenue and transfers					18,220,876	18,220,876
Change in net assets					4,336,252	4,336,252
Net assets - beginning, as restated					67,362,224	67,362,224
Net assets - ending					\$ 71,698,476	\$ 71,698,476
					\$ 72,705,431	\$ 144,403,907

The notes to the financial statements are an integral part of this statement.

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 9,299,325	\$ 5,040,098	\$ 14,339,423
Investments	1,998,524	-	1,998,524
Receivables			
Property taxes	5,380,000	1,295,000	6,675,000
Special assessments	652	-	652
Other	193,515	-	193,515
Notes receivable	2,104,397	-	2,104,397
Due from other funds	110,000	-	110,000
Due from other governments	2,893,498	28,125	2,921,623
Land held for resale	-	20,000	20,000
Restricted cash	-	34,776	34,776
Total assets	<u>\$ 21,979,911</u>	<u>\$ 6,417,999</u>	<u>\$ 28,397,910</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 589,707	\$ 41,665	\$ 631,372
Accrued liabilities	1,202,727	35,532	1,238,259
Due to other funds	-	10,000	10,000
Deposits	12,699	-	12,699
Deferred revenue	9,018,108	1,295,000	10,313,108
Total liabilities	<u>10,823,241</u>	<u>1,382,197</u>	<u>12,205,438</u>
Fund Balances			
Reserved for land held for resale	-	20,000	20,000
Reserved for capital projects	1,830,000	-	1,830,000
Reserved for UTOPIA	1,235,039	-	1,235,039
Reserved for cemetery perpetual care	-	520,000	520,000
Reserved for working capital	-	34,776	34,776
Unreserved, reported in			
General fund	8,091,631	-	8,091,631
Special revenue funds	-	1,381,293	1,381,293
Capital projects funds	-	2,372,123	2,372,123
Permanent fund	-	707,610	707,610
Total fund balances	<u>11,156,670</u>	<u>5,035,802</u>	<u>16,192,472</u>
Total liabilities and fund balances	<u>\$ 21,979,911</u>	<u>\$ 6,417,999</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	66,739,150
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	4,381,318
Internal service funds are used by management to charge the costs of fleet management and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	561,920
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(16,176,384)
Net assets of governmental activities	<u>\$ 71,698,476</u>

The notes to the financial statements are an integral part of this statement.

Murray City Corporation
Year ended June 30, 2007

Governmental Funds
Statement of Revenues, Expenditures,
and Changes in Fund Balance

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes and special assessments	\$ 25,282,472	\$ 2,361,571	\$ 27,644,043
Licenses and permits	1,659,527	-	1,659,527
Intergovernmental	2,056,411	42,328	2,098,739
Charges for services	2,036,672	85,315	2,121,987
Fines and forfeitures	2,442,382	35,273	2,477,655
Rents and concessions	-	1,297,000	1,297,000
Miscellaneous	320,532	4,134	324,666
Interest	859,734	166,104	1,025,838
Total revenues	34,657,730	3,991,725	38,649,455
Expenditures			
Current			
General government	5,406,712	-	5,406,712
Public safety	16,165,371	-	16,165,371
Highways and public improvements	4,556,938	-	4,556,938
Parks, recreation and public property	6,003,531	-	6,003,531
Library	-	1,549,356	1,549,356
Community and economic development	-	28,125	28,125
Redevelopment	-	400,405	400,405
Municipal Building Authority	-	5,207	5,207
Debt service			
Principal	555,000	785,000	1,340,000
Interest and admin. charges	42,125	405,417	447,542
Bond issuance costs	158,837	-	158,837
Total expenditures	32,888,514	3,173,510	36,062,024
Excess of revenues over expenditures	1,769,216	818,215	2,587,431
Other financing sources (uses)			
Refunding bonds issued	10,155,874	-	10,155,874
Payments to refunded bond escrow agent	(9,997,037)	(1,621,616)	(11,618,653)
Transfers in	2,834,518	2,360,000	5,194,518
Transfers out	(2,797,030)	(45,000)	(2,842,030)
Sale of capital assets	130,059	-	130,059
Total other financing sources (uses)	326,384	693,384	1,019,768
Net change in fund balances	2,095,600	1,511,599	3,607,199
Fund balances, beginning of year	9,061,070	3,524,203	12,585,273
Fund balances, end of year	\$ 11,156,670	\$ 5,035,802	\$ 16,192,472

The notes to the financial statements are an integral part of this statement.

MURRAY CITY CORPORATION
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2007

Amounts reported for governmental activities in the statement of activities (page 20) are different because:

Net change in fund balances - total governmental funds (page 22)	\$3,607,199
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(2,138,482)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	13,386,418
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,132,827
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	(600,017)
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The transfer of governmental fund capital assets is not shown as an expenditure in governmental funds	(13,133,470)
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Internal services funds are used by management to charge the costs of fleet management and risk management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	<div style="border-top: 1px solid black; display: inline-block; width: 100%;">81,777</div>
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Change in net assets of governmental activities (page 20)	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">\$ 4,336,252</div>
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The notes to the financial statements are an integral part of this statement.

Murray City Corporation
Year ended June 30, 2007

General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
General property taxes	\$ 6,225,000	\$ 6,225,000	\$ 6,567,037	342,037
General sales and use taxes	13,850,000	14,085,000	15,234,712	1,149,712
Franchise taxes	3,331,000	3,331,000	3,480,723	149,723
Total taxes	23,406,000	23,641,000	25,282,472	1,641,472
Licenses and permits				
Business licenses	620,000	620,000	594,922	(25,078)
Alcoholic beverage licenses	10,000	10,000	1,600	(8,400)
Other licenses	10,000	10,000	21,855	11,855
Permits	776,000	776,000	1,041,150	265,150
Total licenses and permits	1,416,000	1,416,000	1,659,527	243,527
Intergovernmental				
Class C road allotment	1,350,000	1,350,000	1,515,171	165,171
State liquor allotment	55,000	55,000	69,670	14,670
State emergency medical services program	20,000	20,000	21,077	1,077
F.E.M.A. grant	10,000	10,000	1,875	(8,125)
Local law enforcement grant	215,000	215,000	331,529	116,529
Victim advocate & violence against women grants	15,000	15,000	48,359	33,359
Salt Lake County grant	5,000	5,000	8,730	3,730
ZAP tax grant	5,000	60,000	60,000	-
Total intergovernmental	1,675,000	1,730,000	2,056,411	326,411
Charges for services				
Parks and recreation	1,127,000	1,127,000	1,180,346	53,346
Special police services and paramedic	281,000	281,000	322,965	41,965
Heritage center	128,000	128,000	157,843	29,843
Cemetery lots and services	152,000	152,000	265,806	113,806
Other services	123,000	123,000	109,712	(13,288)
Total charges for services	1,811,000	1,811,000	2,036,672	225,672
Miscellaneous				
Fines and forfeitures	2,357,000	2,357,000	2,442,382	85,382
Interest	391,000	391,000	859,734	468,734
Miscellaneous	171,000	171,000	320,532	149,532
Total miscellaneous	2,919,000	2,919,000	3,622,648	703,648
Total revenues	31,227,000	31,517,000	34,657,730	3,140,730

(Continued)

Murray City Corporation
Year ended June 30, 2007

General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual - Continued

Expenditures	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General government				
Legislative	295,500	295,500	278,801	16,699
Justice Court	1,573,300	1,573,300	1,548,354	24,946
Mayor	431,300	431,300	421,496	9,804
Finance	109,100	109,100	107,186	1,914
Treasurer	1,600	1,600	558	1,042
Recorder and business licensing	301,600	301,600	299,449	2,151
Legal	405,700	405,700	400,893	4,807
Planning and zoning	562,000	562,000	553,484	8,516
Nondepartmental	572,500	752,500	713,254	39,246
Government building	284,000	284,000	283,007	993
Personnel	289,600	289,600	276,516	13,084
Data processing	444,100	444,100	388,580	55,520
Telecommunications	84,600	84,600	58,601	25,999
Community development	88,100	88,100	76,533	11,567
Total general government	5,443,000	5,623,000	5,406,712	216,288
Public safety				
Police department	9,328,200	9,478,200	9,426,173	52,027
Fire department	6,420,000	5,980,000	5,967,692	12,308
Building inspection	801,700	801,700	771,506	30,194
Total public safety	16,549,900	16,259,900	16,165,371	94,529
Highways and public improvements				
Engineering	834,100	834,100	823,760	10,340
Streets and highways	1,726,100	1,726,100	1,684,313	41,787
Class C road	1,532,100	1,472,100	1,471,169	931
Road construction	284,000	284,000	282,482	1,518
Shops and garages	299,000	299,000	295,214	3,786
Total highways and public improvements	4,675,300	4,615,300	4,556,938	58,362
Parks	3,649,300	3,649,300	3,549,885	99,415
Organized recreation	2,118,600	2,138,600	2,045,150	93,450
Cemetery	415,900	415,900	408,496	7,404
Total parks, recreation, and public property	6,183,800	6,203,800	6,003,531	200,269
Debt service				
Principal	555,000	555,000	555,000	-
Interest	43,000	43,000	42,125	875
Bond issuance costs		-	158,837	(158,837)
Total debt service	598,000	598,000	755,962	(157,962)
Total expenditures	33,450,000	33,300,000	32,888,514	411,486
Other financing sources (uses)				
Refunding bonds issued		-	10,155,874	10,155,874
Payments to refunded bond escrow agent		-	(9,997,037)	(9,997,037)
Sale of capital assets	323,000	323,000	130,059	(192,941)
Transfers in	2,640,000	2,640,000	2,834,518	194,518
Transfers out	(2,360,000)	(2,800,000)	(2,797,030)	2,970
Net other financing sources (uses)	603,000	163,000	326,384	163,384
Net change in fund balance	(1,620,000)	(1,620,000)	2,095,600	3,715,600
Fund balance at beginning of year	9,061,070	9,061,070	9,061,070	-
Fund balance at end of year	<u>\$ 7,441,070</u>	<u>\$ 7,441,070</u>	<u>\$ 11,156,670</u>	<u>\$ 3,715,600</u>

The notes to the financial statements are an integral part of this statement.

	Business Type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Water Fund	Waste Water Fund	Power Fund	Storm Water Fund	Non- Major Enterprise Funds	Totals 2007	
ASSETS							
Current assets							
Cash and cash equivalents	\$ 4,921,635	\$ 1,899,691	\$ 3,039,192	\$ 529,758	\$ 843,799	\$ 11,234,075	\$ 844,200
Receivables							
Accounts	823,401	332,832	4,001,635	125,408	42,364	5,325,640	-
Others	1,020	-	23,687	-	-	24,707	-
Due from other funds	-	960	-	-	-	960	-
Due from other governments	-	111,150	-	-	-	111,150	-
Inventories	-	-	1,859,091	-	71,697	1,930,788	69,998
Total current assets	5,746,056	2,344,633	8,923,605	655,166	957,860	18,627,320	914,198
Noncurrent assets							
Restricted cash	-	-	2,244,097	-	-	2,244,097	-
Property, plant and equipment							
Land	1,714,666	178,487	1,630,272	-	326,336	3,849,761	-
Buildings	904,024	949,132	3,334,985	-	797,534	5,985,675	-
Improvements other than buildings	20,384,589	7,833,261	79,317,633	29,461,116	3,820,592	140,817,191	-
Machinery and equipment	2,221,698	1,336,333	15,131,760	317,325	634,319	19,641,435	138,176
Furniture and fixtures	244,515	102,762	915,586	-	6,434	1,269,297	-
Construction in progress	37,087	18,775	1,208,757	-	-	1,264,619	-
Accumulated depreciation	(10,531,291)	(4,411,600)	(50,410,162)	(17,139,160)	(3,980,414)	(86,472,627)	(77,140)
Net property, plant and equipment	14,975,288	6,007,150	51,128,831	12,639,281	1,604,801	86,355,351	61,036
Other assets							
Unamortized bond issue costs	19,168	11,457	1,008,494	-	-	1,039,119	-
Prepaid generation and transmission fees	-	-	2,251,001	-	-	2,251,001	-
Investment in joint ventures	-	3,239,123	-	-	-	3,239,123	-
Total other assets	19,168	3,250,580	3,259,495	-	-	6,529,243	-
Total noncurrent assets	14,994,456	9,257,730	56,632,423	12,639,281	1,604,801	95,128,691	61,036
Total assets	\$ 20,740,512	\$ 11,602,363	\$ 65,556,028	\$ 13,294,447	\$ 2,562,661	\$ 113,756,011	\$ 975,234
LIABILITIES							
Current liabilities							
Accounts payable	\$ 403,497	\$ 104,025	\$ 3,723,006	\$ 92,149	\$ 102,979	\$ 4,425,656	\$ 9,542
Accrued liabilities	42,664	18,937	402,426	14,149	54,896	533,072	210,031
Due to other funds	960	-	-	-	-	960	100,000
Long-term debt - current portion, net	203,412	121,588	1,213,487	56,574	100,553	1,695,614	-
Accrued interest	51,835	30,984	91,953	8,287	4,984	188,043	-
Total current liabilities	702,368	275,534	5,430,872	171,159	263,412	6,843,345	319,573
Noncurrent liabilities							
Deposits	-	-	1,270,140	-	-	1,270,140	-
Compensated absences	199,444	64,243	489,901	36,848	87,700	878,136	32,705
Long-term debt	-	-	-	260,484	225,746	486,230	-
Revenue bonds payable, due after one year, net	4,534,511	2,710,489	24,327,729	-	-	31,572,729	-
Total noncurrent liabilities	4,733,955	2,774,732	26,087,770	297,332	313,446	34,207,235	32,705
Total liabilities	5,436,323	3,050,266	31,518,642	468,491	576,858	41,050,580	352,278
NET ASSETS							
Invested in capital assets, net of debt	10,237,365	6,414,196	25,587,615	12,582,707	1,604,801	56,426,684	61,036
Unrestricted	5,066,824	2,137,901	8,449,771	243,249	381,002	16,278,747	561,920
Total net assets	\$ 15,304,189	\$ 8,552,097	\$ 34,037,386	\$ 12,825,956	\$ 1,985,803	\$ 72,705,431	\$ 622,956

The notes to the financial statements are an integral part of this statement.

	Business Type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Water Fund	Waste Water Fund	Power Fund	Storm Water Fund	Non- Major Enterprise Funds	Totals 2007	
Operating revenues							
Sales and charges for services	\$ 4,931,555	\$ 3,150,719	\$ 30,958,516	\$ 1,440,251	\$ 1,499,455	\$ 41,980,496	\$ 447,851
Connection and servicing fees	11,735	(1,525)	180,980	-	-	191,190	-
Green fees	-	-	-	-	906,121	906,121	-
Other	7,062	-	1,941,266	-	48,200	1,996,528	-
Total operating revenues	4,950,352	3,149,194	33,080,762	1,440,251	2,453,776	45,074,335	447,851
Operating expenses							
Production or purchase of power	-	-	18,668,931	-	-	18,668,931	-
Transmission, distribution, and maintenance	1,932,020	762,029	162,550	615,020	-	3,471,619	-
Administration and general	1,105,821	519,373	5,901,974	47,507	637,510	8,212,185	-
Depreciation and amortization	777,068	296,003	3,485,883	732,264	180,364	5,471,582	5,314
Operations and maintenance	-	1,044,722	4,218,997	59,552	1,018,175	6,341,446	403,496
Jordan River Parkway	-	-	-	-	670,820	670,820	-
Total operating expenses	3,814,909	2,622,127	32,438,335	1,454,343	2,506,869	42,836,583	408,810
Operating income (loss)	1,135,443	527,067	642,427	(14,092)	(53,093)	2,237,752	39,041
Nonoperating revenues (expenses)							
Interest revenue	200,272	86,120	523,510	6,238	14,738	830,878	42,736
Interest expense	(208,014)	(137,108)	(1,147,010)	(8,287)	(4,984)	(1,505,403)	-
Contributed assets from developers	-	-	-	78,831	-	78,831	-
Impact fees	615,322	250,006	297,859	2,895	-	1,166,082	-
Loss in joint venture	-	(594,526)	-	-	-	(594,526)	-
Gain (loss) on disposal of capital assets	308,680	5,850	139,013	(254,317)	-	199,226	-
Net nonoperating revenues (expenses)	916,260	(389,658)	(186,628)	(174,640)	9,754	175,088	42,736
Income (loss) before transfers	2,051,703	137,409	455,799	(188,732)	(43,339)	2,412,840	81,777
Transfers in	437,030	-	-	13,133,470	-	13,570,500	-
Transfers out	(466,707)	(275,594)	(1,906,427)	(118,782)	(22,008)	(2,789,518)	-
Change in net assets	2,022,026	(138,185)	(1,450,628)	12,825,956	(65,347)	13,193,822	81,777
Net assets at beginning of year	13,282,163	8,690,282	35,488,014	-	2,051,150	59,511,609	541,179
Net assets at end of year	\$ 15,304,189	\$ 8,552,097	\$ 34,037,386	\$ 12,825,956	\$ 1,985,803	\$ 72,705,431	\$ 622,956

The notes to the financial statements are an integral part of this statement.

	Business Type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Water Fund	Waste Water Fund	Power Fund	Storm Water Fund	Non- Major Enterprise Funds	Totals 2007	
Cash flows from operating activities							
Receipts from customers and users	\$ 4,788,266	\$ 3,077,048	\$ 31,944,498	\$ 1,314,843	\$ 2,448,564	\$ 43,573,219	\$ 421,657
Payments to suppliers	(1,403,780)	(1,752,707)	(23,664,304)	(157,997)	(1,404,651)	(28,383,439)	(97,104)
Payments to employees	(1,146,361)	(520,887)	(4,571,446)	(420,936)	(775,709)	(7,435,339)	(292,563)
Net cash provided by operating activities	2,238,125	803,454	3,708,748	735,910	268,204	7,754,441	31,990
Cash flows from noncapital financing activities							
Transfers from other funds	437,030	-	-	-	-	437,030	-
Transfers to other funds	(466,707)	(275,594)	(1,906,427)	(118,782)	(22,008)	(2,789,518)	-
Advances from (to) other funds	(52,414)	(9,471)	(21,067)	-	(33,000)	(115,952)	-
Net cash provided by (used in) noncapital financing activities	(82,091)	(285,065)	(1,927,494)	(118,782)	(55,008)	(2,468,440)	-
Cash flows from capital and related financing activities							
Acquisition and construction of property, plant, and equipment	(661,549)	(50,916)	(5,036,716)	(159,244)	(150,254)	(6,058,679)	-
Proceeds from sale of capital assets	308,680	5,850	139,013	(254,317)	-	199,226	-
Impact fees	615,322	250,006	297,859	2,895	-	1,166,082	-
Proceeds from issuance of debt, net	-	-	780,763	317,058	190,681	1,288,502	-
Bond issuance costs paid	-	-	(780,763)	-	-	(780,763)	-
Principal paid on revenue bonds and debt	(197,153)	(117,847)	(1,115,000)	-	(64,063)	(1,494,063)	-
Interest paid	(209,000)	(137,697)	(1,185,576)	-	-	(1,532,273)	-
Net cash provided by (used in) capital and related financing activities	(143,700)	(50,604)	(6,900,420)	(93,608)	(23,636)	(7,211,968)	-
Cash flows from investing activities							
Interest and dividends received	200,272	86,120	523,510	6,238	14,738	830,878	(7,264)
Investments in joint ventures	-	(181,593)	-	-	-	(181,593)	-
Net cash provided by (used in) investing activities	200,272	(95,473)	523,510	6,238	14,738	649,285	(7,264)
Net increase (decrease) in cash and cash equivalents	2,212,606	372,312	(4,595,656)	529,758	204,298	(1,276,682)	24,726
Cash and cash equivalents at beginning of year	2,709,029	1,527,379	9,878,945	-	639,501	14,754,854	819,474
Cash and cash equivalents at end of year	\$ 4,921,635	\$ 1,899,691	\$ 5,283,289	\$ 529,758	\$ 843,799	\$ 13,478,172	\$ 844,200
Unrestricted cash	4,921,635	1,899,691	3,039,192	529,758	843,799	11,234,075	844,200
Restricted cash	-	-	2,244,097	-	-	2,244,097	-
	\$ 4,921,635	\$ 1,899,691	\$ 5,283,289	\$ 529,758	\$ 843,799	\$ 13,478,172	\$ 844,200
Reconciliation of operating income (loss) to net cash provided by operating activities							
Operating income (loss)	\$ 1,135,443	\$ 527,067	\$ 642,427	\$ (14,092)	\$ (53,093)	\$ 2,237,752	\$ 39,041
Adjustments to reconcile operating income (loss) to net cash provided by							
Depreciation and amortization	777,068	296,003	3,580,395	732,264	180,364	5,566,094	5,314
Changes in assets and liabilities							
Accounts receivable	(167,510)	(72,146)	(773,147)	(125,408)	(1,649)	(1,139,860)	118
Other receivables	5,424	-	22,063	-	-	27,487	-
Inventories	-	-	(385,180)	-	(3,563)	(388,743)	(26,312)
Accounts payable	357,702	12,621	(308,661)	92,149	85,700	239,511	(2,967)
Accrued liabilities	(6,130)	(4,095)	59,906	14,149	4,357	68,187	(1,412)
Compensated absences	136,128	44,004	249,203	36,848	56,088	522,271	18,208
Customer deposits	-	-	621,742	-	-	621,742	-
Net cash provided by operating activities	\$ 2,238,125	\$ 803,454	\$ 3,708,748	\$ 735,910	\$ 268,204	\$ 7,754,441	\$ 31,990

The notes to the financial statements are an integral part of this statement.

MURRAY CITY CORPORATION
Notes to the Financial Statements
June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The basic financial statements of Murray City Corporation (the City) have been prepared in conformity with accounting principles (GAAP) generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

The City of Murray was incorporated November 25, 1902. The City operates under a strong Mayor Council form of government. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). The component units discussed below are included as part of the City's reporting entity as blended component units.

The Redevelopment Agency of Murray City (RDA) was established in 1976 to prepare and carry out plans to improve, rehabilitate and redevelop blighted areas within the City. The RDA is governed by a board of trustees composed of the City Mayor and members of the Municipal Council. Although it is a legally separate entity from the City, the RDA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the RDA. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund. Separate financial statements are not issued for the RDA.

The Municipal Building Authority of Murray City Corporation (MBA) was established to finance and construct municipal buildings that are then leased to the City. The MBA is governed by a five-member board of trustees composed of the Municipal Council. Although it is a legally separate entity from the City, the MBA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the MBA. The MBA is included in these financial statements as the Municipal Building Authority Special Revenue Fund. Separate financial statements are not issued for the MBA.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2007

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Sales taxes, use taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 45 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The City reports the following major proprietary funds:

- The Power Fund accounts for the activities of the City's electrical production and distribution operations.
- The Water Fund accounts for the activities of the City's water production, treatment and distribution operations.
- The Wastewater Fund accounts for the operation and maintenance of the City's sewer collection system and sewage treatment.
- The Storm Water Fund accounts for the activities of the City's storm water drainage system.

Additionally, the City reports the following fund types:

Internal Service funds to account for the self-insurance activities of the various funds throughout the City and to account for the costs of operating a maintenance facility for vehicles and equipment owned by the City.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for the providing of administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds includes the cost of sales and services. Operating expenses for enterprise funds includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2007

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Assets, Liabilities, and Net Assets or Equity

Cash, Deposits and Investments Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. City policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund and other investments allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The State Treasurer's Investment Fund operates in accordance with state laws and regulations. The reported value of the Fund is the same as the fair value of the Fund shares.

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less when purchased meet this definition.

Receivables and Payables Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to or due from other funds". In the Power, Water, Wastewater, Storm Water, and Solid Waste Management funds, the City records utility revenues billed to customers when meters are read on a monthly basis. Unbilled service accounts receivable at June 30, 2007 were estimated based on July billings and are included in the operating revenues and accounts receivable at year-end.

Inventories and Prepaid Items Inventories of materials and supplies in the proprietary funds, consisting principally of materials used in the repair of the transmission, distribution, collection and treatment systems, are valued at cost and accounted for on a first-in, first-out basis (FIFO). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

As permitted by GASB Statement No. 34, the City had not retroactively recorded infrastructure assets. During the year ended June 30, 2006, the City retroactively recorded infrastructure assets acquired before June 30, 2001. GASB Statement 34 required prospective reporting of infrastructure from June 30, 2002, but allowed

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2007

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Assets, Liabilities, and Net Assets or Equity (Continued)

additional time for recording of infrastructure constructed or acquired between June 30, 1980 and June 30, 2001. The pre June 30, 2001, infrastructure has been booked and reported in the government-wide financial statements as prescribed by Statement 34.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	10 to 40 years
Infrastructure	20 to 50 years
Machinery and equipment	4 to 10 years
Furniture and fixtures	5 to 10 years
Water and sewer lines	33 years

Compensated Absences For governmental funds amounts of vested or accumulated vacation leave and comp time that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net assets and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation leave and comp time of proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate sick leave without limitation. Accumulated sick leave is paid to employees upon retirement, with a limitation of 25 percent of accumulated hours. Employees that are terminated for reasons other than retirement are not paid for accumulated sick leave.

Long-Term Obligations In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Restricted Assets Restricted assets are comprised of cash restricted for future payments of principal and interest on debt service as well as unexpended portions of bonds issued for capital construction purposes.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2007

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital related items:

When capital assets (property, plant and equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$119,538,454
Investment in joint venture	1,603,894
Accumulated depreciation	<u>(54,403,198)</u>
Total difference	<u>\$ 66,739,150</u>

Long-term debt transactions:

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net assets. Balances at June 30, 2007 were:

Sales tax revenue bonds	\$11,750,000
Excise tax revenue bonds	1,365,000
Bond issuance premium	165,874
Capital lease	550,159
Interest payable on long-term debt	76,240
Compensated absences	<u>2,269,111</u>
Total difference	<u>\$16,176,384</u>

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2007

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

Explanation of Certain Differences Between Governmental Fund Operating Statements and the Statement of Net Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follow:

Capital outlay	\$2,095,324
Depreciation expense	(4,233,806)
Net difference as reported	<u>(\$2,138,482)</u>

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Prior to May 1, the Mayor submits to the Municipal Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the proposed sources of revenues.

Between May 1 and June 20, the Municipal Council reviews and adjusts the Mayor's proposed budget. On or before June 20, a public hearing is held and the budget is legally adopted through passage of a resolution.

After the budget is adopted, the Finance Director may transfer any unencumbered or unexpended appropriation amount from one expenditure account to another within a department. The Municipal Council may, by resolution, transfer any unencumbered or unexpended appropriation amount from one department in a fund to another department within the same fund.

When the Municipal Council determines that an emergency exists, such as widespread damage from fire, flood, or earthquake the Municipal Council may increase the budget of the General Fund by resolution or a public hearing.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Projects Fund. In the General Fund, budgets are adopted at the functional level and budgetary control is exercised at the departmental level. For Special Revenue Funds, budgets are adopted and control is exercised at the level of total expenditures for each individual fund.

Annual budgets for the General Fund, all Special Revenue Funds (Municipal Building Authority Fund, Library Fund, Redevelopment Agency Fund, Community Development Fund and Economic Development Fund), and the Capital Projects Fund were legally adopted by the City and are prepared on the modified-accrual method of accounting.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2007

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

Encumbrances (commitments related to unperformed purchase orders or contracts for goods or services) are used only as an internal management control device during the year. The City does not have any encumbrances outstanding at year end since appropriations lapse at year end. However, encumbered amounts are generally reappropriated and honored as part of the following year's budget.

Although Utah State law requires the initial preparation of budgets for all City funds (both governmental and proprietary), it only requires the reporting of actual versus such budgets for governmental funds.

Tax Revenues

Property taxes are collected by the Salt Lake County Treasurer and remitted to the City in two to three installments in November, December, and January of each fiscal year and a final settlement by March 31st. Taxes are levied and are due and payable on November 1st and delinquent after November 30th of each year at which time they become liens if not paid. An accrual of delinquent current and prior year's property taxes beyond that which was received within 60 days after fiscal year end has not been made, as the amounts are not deemed to be material. An accrual for current year property taxes estimated to be collected the following November and December is made each year.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly. An accrual has been made for all taxes received by the State for the period ended June 30th and thus due and payable to the City.

Franchise taxes are charged to various utility companies doing business with the City including telephone, cable television, gas utility, and electric utility companies. The fees are remitted on a monthly, quarterly, semi-annual, or annual basis. An accrual has not been made for fees due and payable to the City at June 30th as the amounts are not deemed to be material.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2007

4. DETAILED NOTES FOR ALL FUNDS

Deficit Fund Equity and Excess Expenditures Over Appropriations

The Central Garage Internal Service Fund has a deficit net assets of \$840 at June 30, 2007. This deficit will be eliminated by increased charges for services in future years.

Deposits and Investments

Utah State law establishes the rules and regulations for deposits and investments and is known as the Utah Money Management Act. The Act established the Money Management Council that promulgates additional rules and determines which financial institutions may qualify to hold deposits and investments for state and local entities. The City has complied with the Utah Money Management Act and rules of the Money Management Council with regard to deposits and investments.

As of June 30, 2007, the City's demand deposits and cash on hand amounted to \$2,713,108.

As of June 30, 2007, the City had investments in the Utah Public Treasurer's Investment Fund of \$25,983,463. The fund is not rated and the weighted average maturity was less than 90 days. The City also held investments in U.S. Government securities of \$1,998,524.

Custodial credit risk - deposits. This is the risk that in the event of a bank failure, the City's deposits may not be returned. As of June 30, 2007, \$3,779,902 of the City's \$3,884,902 bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized. The Utah Money Management Act does not require deposits to be insured or collateralized and the City has no formal policy regarding deposit credit risk. The Act requires that the City keep deposits in a qualified depository, which the City has done.

Custodial Credit Risk - Investments. This is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City has no formal policy regarding custodial credit risk for investments. Money invested in the Utah Public Treasurer's Investment Fund is pooled with many other state and local entities, and is managed by the Utah State Treasurer. The Fund is not categorized as to custodial credit risk.

Interest rate credit risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss from changes in interest rates is to follow the Utah Money Management Act and only invest in instruments that mature in one year or less. Investment within the Public Treasurer's Investment Fund have a weighted average maturity of less than ninety days.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2007

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Deposits and Investments (Continued)

Credit risk is the risk that an issuer will not fulfill its obligations. The City policy is consistent with and complies with the Utah State Money Management Act. Investment is limited to U.S. Treasuries, U.S. Government Agency instruments, Utah Public Treasurer's Investment Fund, and other instruments that are rated A or higher by Standard & Poor's or Moody's. The City only invested in the Utah Public Treasurer's Investment Fund and U.S. Treasury securities during the year.

Concentration of credit risk. City policy requires diversification and limits the amount that may be invested in the same company. First, the City may not invest more than 20% of its idle funds outside of the Utah Public Treasurer's Investment Fund. Second, not more than 10% of the total portfolio may be invested in a single company's credit instruments. The Utah Public Treasurer's Investment Fund is highly diversified and must comply with various rules of the Utah State Money Management Act and Money Management Council.

The deposits and investments described above are included on the government-wide statement of net assets as follows:

Cash and cash equivalents	\$26,417,698
Restricted cash	2,278,873
Investments	<u>1,998,524</u>
	<u>\$30,695,095</u>

Deposits

Enterprise fund deposits are deposits the City requires from residential renters and any business receiving a utility connection. The deposit is refundable after 2 years for residential and business customers upon satisfactory payment history.

Receivables

Receivables as of year end for the City's individual major funds and nonmajor and internal service funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Water</u>	<u>Waste Water</u>	<u>Power</u>	<u>Storm Water</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:							
Taxes	\$5,380,000	\$ ---	\$ ---	\$ ---	\$ ---	\$1,295,000	\$ 6,675,000
Accounts and other	193,515	832,809	334,081	4,131,126	125,580	42,364	5,659,475
Special assessments	652	---	---	---	---	---	652
Intergovernmental	<u>2,893,498</u>	<u>---</u>	<u>111,150</u>	<u>---</u>	<u>---</u>	<u>28,125</u>	<u>3,032,773</u>
Gross receivables	8,467,665	832,809	445,231	4,131,126	125,580	1,365,489	15,367,900
Less: allowance for uncollectibles	<u>---</u>	<u>(8,388)</u>	<u>(1,249)</u>	<u>(105,804)</u>	<u>(172)</u>	<u>---</u>	<u>(115,613)</u>
Net total receivables	<u>\$8,467,665</u>	<u>\$824,421</u>	<u>\$443,982</u>	<u>\$4,025,322</u>	<u>\$125,408</u>	<u>\$1,365,489</u>	<u>\$15,252,287</u>

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2007

4. **DETAILED NOTES FOR ALL FUNDS (CONTINUED)**

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the government funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Note receivable (General Fund)	\$2,104,397	\$ ---
Sales taxes receivable (General Fund)	1,380,936	---
Property taxes receivable (General Fund)	5,380,000	—
Property taxes receivable (Library Fund)	1,295,000	—
Special assessments not yet due (General Fund)	652	---
Various prepayments received (General Fund)	<u>—</u>	<u>152,123</u>
Total deferred/unearned revenue for governmental funds	<u><u>\$10,160,985</u></u>	<u><u>\$152,123</u></u>

Notes Receivable

General Fund notes receivable include a \$2,104,397 third party promissory note for the sale of property known as the Sports Mall. The note has an interest rate of nine percent with monthly principal and interest payments of \$26,796. Under the note, the City will receive monthly installment payments through May 15, 2017 at which time all unpaid principal and interest become due.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2007

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	Balance June 30, <u>2006</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2007</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 9,944,263	\$ 565,269	\$ ---	\$ 10,509,532
Construction in progress	<u>13,031</u>	<u>208,323</u>	<u>13,031</u>	<u>208,323</u>
Total capital assets, not being depreciated	<u>9,957,294</u>	<u>773,592</u>	<u>13,031</u>	<u>10,717,855</u>
Capital assets, being depreciated:				
Buildings	24,050,713	---	---	24,050,713
Improvements	15,121,305	93,529	---	15,214,834
Infrastructure	71,865,644	13,591,152	29,540,366	55,916,430
Machinery and equipment, etc.	10,895,500	823,100	513,128	11,205,472
Furniture and fixtures	<u>2,256,840</u>	<u>176,310</u>	<u>---</u>	<u>2,433,150</u>
Total capital assets being depreciated	<u>124,190,002</u>	<u>14,684,091</u>	<u>30,053,494</u>	<u>108,820,599</u>
Less: accumulated depreciation				
Buildings	6,791,025	603,229	---	7,394,254
Improvements	7,752,501	701,525	---	8,454,026
Infrastructure	43,362,169	1,763,974	16,406,896	28,719,247
Machinery and equipment	7,491,646	904,259	492,266	7,903,639
Furniture and fixtures	<u>1,665,899</u>	<u>266,133</u>	<u>---</u>	<u>1,932,032</u>
Total accumulated depreciation	<u>67,063,240</u>	<u>4,239,120</u>	<u>16,899,162</u>	<u>54,403,198</u>
Total capital assets being depreciated, net	<u>57,126,762</u>	<u>10,444,971</u>	<u>13,154,332</u>	<u>54,417,401</u>
Net governmental capital assets	<u>\$67,084,056</u>	<u>\$11,281,563</u>	<u>\$13,167,363</u>	<u>\$ 65,135,256</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,849,761	\$ ---	\$ ---	\$ 3,849,761
Construction in progress	<u>8,175,253</u>	<u>55,862</u>	<u>6,966,496</u>	<u>1,264,619</u>
Total capital assets, not be depreciated	<u>12,025,014</u>	<u>55,862</u>	<u>6,966,496</u>	<u>5,114,380</u>
Capital assets, being depreciated:				
Buildings	5,885,076	100,599	---	5,985,675
Improvements other than buildings	104,819,824	36,497,367	---	141,317,191
Machinery and equipment	16,073,417	6,141,024	3,073,006	19,141,435
Furniture and fixtures	<u>1,257,634</u>	<u>11,663</u>	<u>---</u>	<u>1,269,297</u>
Total capital assets, being depreciated	<u>128,035,951</u>	<u>42,750,653</u>	<u>3,073,006</u>	<u>167,713,598</u>

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2007

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Less: accumulated depreciation				
Buildings	3,675,507	178,774	---	\$ 3,854,281
Improvements other than buildings	50,437,468	19,999,096	---	70,436,564
Machinery and equipment	12,402,585	1,545,202	2,912,778	11,035,009
Furniture and fixtures	<u>1,123,289</u>	<u>23,484</u>	<u>---</u>	<u>1,146,773</u>
Total accumulated depreciation	<u>67,638,849</u>	<u>21,746,556</u>	<u>2,912,778</u>	<u>86,472,627</u>
Total capital assets being depreciated, net	<u>60,397,102</u>	<u>21,004,097</u>	<u>160,228</u>	<u>81,240,971</u>
Net business-type capital assets	<u>\$ 72,422,116</u>	<u>\$21,059,959</u>	<u>\$7,126,724</u>	<u>\$86,355,351</u>

In the government-wide financial statements depreciation was charged as follows by program or activity:

Governmental activities:	
General government	\$ 508,379
Public safety	973,023
Highways and public improvements	1,780,526
Parks, recreation and public property	946,667
Library	<u>30,525</u>
Total depreciation expense - governmental activities	<u>\$4,239,120</u>
Business-type activities:	
Water	\$ 777,068
Wastewater	296,003
Storm Water	732,264
Power	3,353,961
Murray Parkway Recreation	<u>180,364</u>
Total depreciation expense - business type activities	<u>\$5,339,660</u>

Interfund Receivable, Payables and Transfers

At June 30, 2007, interfund balances due to or from other funds was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Central Garage	\$100,000
	Community Development	10,000
Waste Water	Water	<u>960</u>
		<u>\$110,960</u>

Interfund advances are generally for working capital requirements and are generally expected to be repaid in the next fiscal year.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2007

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

In addition to the above amounts which will be repaid by the respective funds, transfers were made which will not be repaid. Such amounts for the fiscal year ended June 30, 2007 were as follows:

<u>Fund Transferring Out</u>	<u>Fund Receiving Transfer</u>	<u>Amount</u>
Water	General	\$ 903,737
Wastewater	General	275,594
Storm Water	General	118,782
Power	General	1,906,427
Murray Parkway Recreation	General	22,008
Cemetery Perpetual Care	General	45,000
General	Capital Projects	<u>2,360,000</u>
		<u>\$5,631,548</u>

The majority of transfers were to governmental funds for administrative services they provide to other funds, and for capital expenditures in governmental funds that benefit the City.

In the fund statements, there is a difference in interfund transfers of \$13,133,470. This difference relates to a transfer of storm drain infrastructure from governmental fund capital assets to the Storm Water Proprietary Fund.

Investments in Joint Ventures

The City is a participant in several joint ventures listed below that generate financial resources through member assessments, surcharge taxes, or user fees. The City reflects its equity position (in the net resources of the joint ventures) in the funds which have the rights to such resources.

Trans-Jordan Cities The City has an approximate 9.2% ownership share in the Trans-Jordan Cities (the Association) joint enterprise. The City's equity in the net resources of the Association at June 30, 2007, is reported in the government-wide statement of net assets. The Association was organized in 1968 as a joint enterprise fund of the Cities of Sandy, Midvale, West Jordan, and Murray, Utah. The City of South Jordan, Utah joined the Association during fiscal year 1997. The cities of Draper and Riverton, Utah joined the Association during fiscal year 1998. The primary purpose of the Association is the operation, maintenance and control of a refuse dumping site east of Bingham Canyon in Salt Lake County. The City has no firm commitments to make additional equity investments in Trans-Jordan Cities.

The Association is governed by its Board of Directors. Under the organization agreement, the Board of Directors is composed of the Mayors, or their appointed representatives, of the participating cities. The Board of Directors appoints the management and staff of the Association and approves all financial matters such as the operating budget and usage fees.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2007

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Investments in Joint Ventures (Continued)

Separate audited financial statements for Trans-Jordan Cities may be obtained from Trans-Jordan Cities, Accounting Department at 10873 South 7200 West, South Jordan, UT 84095.

Central Valley Water Reclamation Facility The Waste Water Fund (an enterprise fund) has an approximate 5.7% ownership in the Central Valley Water Reclamation Facility (the Facility). The Facility, a separate legal entity and political subdivision of the State of Utah, was formed pursuant to the Utah Interlocal Co-operation Act. The Facility's membership consists of five special-purpose government entities and two cities. The Facility was formed to plan, construct and operate a regional sewage treatment facility for the benefit of the seven members. Members of the Facility are required to pay their proportionate share of monthly operating costs, construction costs and maintenance and administrative costs. The Facility is governed by its Board of Directors. Under the Organization Agreement, all seven members (one of whom is the City), are entitled to designate one of the Facility's seven directors. The City's share of operating, maintenance, administrative expenses and debt service amounted to \$1,044,722 in 2007. The Waste Water Fund made a net contribution of \$181,593 to the Facility in 2007 and recorded a \$594,526 loss on joint venture resulting in a net decrease in its investment in the Facility of \$412,933.

During 2005, the Facility issued \$30,500,000 of revenue bonds of a total of \$35,000,000 authorized. The City's share of the total obligation will be \$3,462,000 when all bonds are issued. The City is required to fund its proportionate share of debt service each year, which is included in the City's assessment from the Facility.

Separate compiled financial statements for Central Valley Water Reclamation Facility may be obtained from the Central Valley Water Reclamation Facility Accounting Department at 800 West Central Valley Road, Salt Lake City, UT 84119.

Interlocal Agreements

Utah Associated Municipal Power System (UAMPS) The Power Department is a member of the Utah Associated Municipal Power Systems (UAMPS). UAMPS, a joint action agency and political subdivision of the State of Utah, was formed by an Organization Agreement dated November 6, 1980, pursuant to the provisions of the Utah Interlocal Co-operation Act. UAMPS' membership consists of 34 municipalities, one joint action agency, one electric service district and one water conservancy district.

UAMPS is a legally separate entity, which possesses the ability to establish its own budget, incur debt, sue and be sued, and own and lease property. No other governmental units in Utah exercise significant control over UAMPS. As such, UAMPS is not a component unit as defined by the Governmental Accounting Standards Board in their Statement No. 14, "The Financial Reporting Entity".

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2007

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

UAMPS' purposes include planning, financing, developing, acquiring, constructing, improving, bettering, operating and maintaining of projects, or ownership interests or capacity rights therein, for the generation, transmission and distribution of electric energy for the benefit of its members.

As a member of UAMPS, the City has participated in various individual projects. The City acquired for \$45,662 an approximate five percent interest in the Hunter II power plant project. During the year ended June 30, 1990, the City acquired an approximate five percent entitlement in UAMPS' share of a transmission service project from Craig, Colorado to Mona, Utah (the Craig-Mona project) for \$1,805,428. The City acquired an additional 1.6 mega watts of plant capacity in the San Juan Generating Station Unit 4 for \$1,953,599 during 1994. These entitlement payments represent prepayment of future generation fees for the projects and are being amortized over the lives of the service contracts. The unamortized balance of prepaid generation and transmission fees at June 30, 2007 is \$2,251,001.

Under various power sales contracts, UAMPS' members are required to pay their proportionate share of all operation and maintenance expenses and debt service on the revenue bonds issued by UAMPS, and any other energy-related costs, as defined in the contract regardless of whether any power is supplied to the Power Fund. The City has no firm commitments to make additional equity investments in UAMPS or in any specified projects of AMPS.

Under the organization agreement, the four members with the greatest financial obligations to UAMPS, one of which is the City, are each entitled to designate one of UAMPS' directors. All other directors are selected from the representatives of the remaining UAMPS members.

Separate financial statements for UAMPS may be obtained from the Manager of Finance at 2825 East Cottonwood Parkway, Suite #200, Salt Lake City, UT 84121.

Valley Emergency Communications Center

The City is a member of the Valley Emergency Communications Center (the Center). The Center was organized June 30, 1988, as a joint enterprise between the City, Midvale City, Salt Lake County, Sandy City, South Jordan City, West Jordan City and West Valley City. The primary purpose of the Center is to fund and operate a communications center which handles communications and other services for the members, including police, fire, 911 service, dispatch and records services.

The Center is governed by a Board of Trustees consisting of one representative from each member appointed by the governing body thereof. The Center's activities are funded by a surcharge tax on telephones within each member's city and member assessments. The Board of Trustees sets assessments for all member agencies in amounts sufficient to provide the funds required by the annual budget. The Center determines the 911 assessments for the telephone users within the members' jurisdictions.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2007

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Separate audited financial statements for Valley Emergency Communications Center may be obtained from the Finance Director at 5360 South 5885 West, West Valley City, UT 84118.

DEA - Metro Task Force The City is a member and lead agency of the Drug Enforcement Administration (DEA) Metro Task Force (the Task Force). The Task Force is an interlocal co-operative organized to investigate and prosecute controlled substance offenders in the Salt Lake metropolitan area. The membership of the Task Force consists of sixteen Federal, State, County and Municipal law enforcement agencies. Activities of the Task Force are funded through federal and state grants, with no funds being provided by the participating members.

Separate audited financial statements for DEA-Metro Task Force may be obtained from Murray City Corporation, Office of Finance and Administration, 5025 South State Street, Murray, UT 84157-0520.

Capital Leases

The City has entered into lease agreements, as lessee, for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through capital leases are as follows:

	<u>Original Principal</u>	<u>Interest Rates</u>
Pierce fire truck	\$398,258	3.474%
Phone system	359,883	3.474%
Garbage truck	154,883	3.474%
Vacuum truck and golf carts	507,739	6.28%

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007 were as follows:

<u>Year</u>	<u>Totals</u>
2008	\$ 317,429
2009	317,429
2010	317,429
2011	121,156
2012	<u>121,156</u>
Total minimum lease payments	1,194,599
Less amount representing interest	(136,701)
Present value of minimum lease payments	1,057,898
Amount due within one year	<u>267,759</u>
Amount due after one year	<u>\$ 790,139</u>

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2007

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Revenue Bonds

The City has issued bonds where the revenues and assets of the issuing fund are pledged as security for the bonds.

Under an agreement between the City and the Redevelopment Agency, the Redevelopment Agency will make all principal and interest payments on the Series 2002 sales tax bonds. Revenue bonds outstanding at June 30, 2007 by issue are as follows: (in thousands)

<u>Bond Description</u>	<u>Original Issue</u>	<u>Annual Principal</u>	<u>Interest Rates</u>	<u>Final Due Date</u>	<u>Amount</u>
Electric Series 2001	\$20,000	\$570 to \$1,540	4.0% to 5.75%	6/1/21	\$ 6,570
Sales Tax Series 2002	1,865	\$20 to \$285	4.88%	4/1/15	1,760
Excise Tax Series 2003	3,000	\$210 to \$585	2.0% to 3.0%	9/1/09	1,365
Water and Sewer Series 2003	8,500	\$305 to \$2,340	2.0% to 5.25%	10/1/23	7,570
Electric Series 2004	9,300	\$305 to \$685	3.0% to 5.25%	6/1/25	8,665
Electric Series 2006	9,700	\$15 to \$1,500	4.0% to 5.0%	6/1/21	9,700
Sales Tax Series 2007	<u>9,990</u>	\$710 to \$875	3.875% to 5.0%	12/1/20	<u>9,990</u>
	<u>\$62,355</u>				<u>\$45,620</u>

Revenue bond debt service requirements to maturity are as follows: (in thousands)

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2008	\$2,805	\$1,946	\$ 4,751
2009	3,125	1,843	4,968
2010	2,865	1,725	4,590
2011	2,750	1,612	4,362
2012	2,865	1,495	4,360
2013-2017	14,230	5,595	19,825
2018-2022	13,790	2,406	16,196
2023-2025	<u>3,190</u>	<u>266</u>	<u>3,456</u>
Totals	<u>\$45,620</u>	<u>\$16,888</u>	<u>\$62,508</u>

In November 2006, the City issued \$9,700,000 Electric Revenue Refunding Bonds Series 2006. The proceeds from these bonds, net of issuance costs of \$207,591, together with a re-offering premium of \$295,763 and previously held debt service reserve funds of \$246,233, were deposited into an irrevocable trust with an escrow agent. The total deposited with the escrow agent was \$10,034,405, which will be used to provide for the future debt payments of \$9,215,000 of Electric Series 2001 bonds. As a result, the liability for \$9,215,000 of these bonds have been removed from the City's books. The City realized an economic gain (difference between the present value of the old and new debt service payments) of \$611,765 from the refunding. The difference between the reacquisition price and the net carrying amount of the debt of \$573,172 is a deferred loss which was added to the unamortized bond issue costs and will be amortized through the year 2021.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2007

4. **DETAILED NOTES FOR ALL FUNDS (CONTINUED)**

In March 2007, the City issued \$9,990,000 Sales Tax Revenue Refunding Bonds Series 2007. The proceeds from these bonds, net of issuance costs of \$158,837, together with a re-offering premium of \$165,874 and previously held debt service reserve funds of \$1,621,616, were deposited into an irrevocable trust with an escrow agent. The total deposited with the escrow agent was \$11,618,653, which will be used to provide for the future debt payments of \$11,045,000 of 1997 and 2001 MBA revenue bonds. As a result, the total liability for these bonds have been removed from the City's books. The City realized an economic gain (difference between the present value of the old and new debt service payments) of \$312,493 from the refunding. The difference between the reacquisition price and the net carrying amount of the debt of \$573,653 is a deferred loss which was added to the unamortized bond issue costs and will be amortized through the year 2021.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2007 was as follows: (in thousands)

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due in <u>One Year</u>
Governmental activities:					
Bonds payable:					
MBA lease revenue	\$11,810	\$ ---	(\$11,810)	\$ --	\$ ---
Sales tax	1,780	9,990	(20)	11,750	735
Excise tax	<u>1,920</u>	<u>---</u>	<u>(555)</u>	<u>1,365</u>	<u>570</u>
Total bonds payable	15,510	9,990	(12,385)	13,115	1,305
Capital lease payable	721	---	(171)	550	177
Vacation and sick leave payable	<u>1,724</u>	<u>2,130</u>	<u>(1,552)</u>	<u>2,302</u>	<u>2,072</u>
Total governmental activity long-term liabilities	<u>\$17,955</u>	<u>\$12,120</u>	<u>(\$14,108)</u>	<u>\$15,967</u>	<u>\$3,554</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$33,450	\$ 9,700	(\$10,645)	\$32,505	\$1,500
Capital lease payable	---	508	---	508	129
Long-term debt	200	---	(64)	136	67
Vacation and sick leave payable	<u>356</u>	<u>847</u>	<u>(325)</u>	<u>878</u>	<u>790</u>
Total business-type long-term liabilities	<u>\$34,006</u>	<u>\$11,055</u>	<u>(\$11,034)</u>	<u>\$34,027</u>	<u>\$2,846</u>

The Electric Series 2001 Revenue bonds trust indenture specifies a net revenue to debt service coverage ratio the Power Fund is required to maintain. The Power Fund met the debt service coverage requirement at June 30, 2007.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2007

4. **DETAILED NOTES FOR ALL FUNDS (CONTINUED)**

Other Information

Risk Management The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's Retained Risk Reserve Fund (an internal service fund) accounts for and accumulates resources for uninsured loss. Under this program, the Retained Risk Reserve Fund (the Fund) provides coverage for up to a maximum of \$250,000 for each general liability claim. The City purchases commercial insurance for claims in excess of coverage provided by the Fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Contingent Liabilities Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City is a participant of the Intermountain Power Agency (IPA), a separate legal entity established under the guidelines of the Utah Interlocal Co-operation Act. The IPA operates a power production plant near Delta, Utah for the benefit of its members. IPA has approximately \$5.1 billion of revenue bonds that are paid from the revenues received from participant charges. Under the terms of its original contract with IPA, the City is entitled and obligated to purchase four percent of the plant's power output. However, under a subsequent excess power sales agreement, the City transferred its power entitlement to certain California purchasers for the duration of the project unless the City recalls any or all of the entitlement. In recent years, the City sold most of its entitlement to the California purchasers. The City is liable for operating expenses and repayment of the outstanding bonds only in the event of a prolonged power outage (in excess of 24 months) and/or failure to perform under the agreement on the part of each of the California participants.

Commitments

The City entered into a Pledge and Loan Agreement with the Utah Telecommunications Open Infrastructure Agency (UTOPIA). UTOPIA is an interlocal cooperative created to finance, construct and operate a system of fiber optic communication lines in various cities in the state. UTOPIA would lease use of the fiber optic system to retail vendors of telephone, video and other digital services. The pledge commits the City to set aside and deposit funds as security in a debt service fund for the portion of the project

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2007

4. **DETAILED NOTES FOR ALL FUNDS (CONTINUED)**

Commitments (Continued)

related to the City. The maximum amount committed by the City was \$1,235,039 per year. Sales and use tax revenues have been pledged towards the payment of the City's share of the debt service reserve fund requirement, however, the pledge is junior to any previously pledged sales and use tax revenue. On July 1, 2007, the City was required to deposit \$1,235,039 into the UTOPIA Series 2004 Bond Debt Service Reserve Fund. These funds will remain on deposit until the sooner of the bonds being retired or 20 years from July 1, 2007. The City will, if additional bonds are issued, be required to deposit additional funds into a bond debt service reserve fund. The timing of these additional pledged deposits depends on the timing of additional bond issues. These funds will remain on deposit until the sooner of the bonds being retired or 20 years from the date the City is required to pay the pledge into the debt service reserve fund.

Conduit Debt Obligations From time to time, the City has issued Industrial Revenue Bonds (IRBs) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2007, there have been ten series of Industrial Revenue Bonds issued. The aggregate principal amount payable could not be determined; however, their original issue amounts totaled \$97.0 million.

Redevelopment Agency In connection with the activities of the Redevelopment Agency (RDA), incremental tax revenues totaling \$815,330 were generated. The RDA was not required to pay any portion of this revenue to other taxing agencies. There is no outstanding debt of the RDA at June 30, 2007.

During the year ended June 30, 2007, funds expended by the RDA were limited to the categories of debt service, capital outlay and administration costs. Administrative costs totaled \$400,405, capital outlay costs totaled \$-0-, and debt service payments totaled \$106,777 for the year.

Employee Retirement Systems and Pension Plans The City contributes to the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, Public Safety Retirement System for Employers with Social Security Coverage, and the Fire Fighters Retirement System for Employers without Social Security Coverage, (hereafter referred to cumulatively as the Systems) which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS). The Systems provide retirement benefits, annual cost of living adjustments, death benefits, and refunds to plan members and beneficiaries in accordance with retirement statutes.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2007

4. **DETAILED NOTES FOR ALL FUNDS (CONTINUED)**

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953, as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. URS issues a publicly available financial report that includes financial statements and required supplementary information for the Systems.

A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy Plan members in the Local Government Contributory Retirement System are required to contribute 6.00 percent of their annual covered salary (all or part may be paid by the employer for the employee), and the City is required to contribute 7.58% of its annual covered salary. In the Local Government Noncontributory Retirement System the City is required to contribute 11.59% of its annual covered salary. In the Public Safety Retirement System for employers with Social Security coverage, the City is required to contribute 22.38% of its annual covered salary for members in the noncontributory division. In the Fire Fighters Retirement System for employers without Social Security coverage plan members are required to contribute 10.84% of its annual covered salary (all or part may be paid by the employer for the employee) and the City has no contribution requirement. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City's contributions in dollars to each of the Systems for the years ending June 30, 2007, 2006 and 2005, were equal to the required contributions for each year. The contribution amounts are as follows:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Local Governmental Contributory Retirement System	\$ 159,886	\$ 152,536	\$ 144,316
Local Governmental Noncontributory Retirement system	1,526,993	1,372,067	1,320,071
Public Safety Retirement System for Employers with Social Security Coverage	833,241	659,370	630,593
Fire Fighters Retirement System	307,922	221,296	219,769

Deferred Compensation Plan Under the URS, the City offers its employees a Deferred Compensation Plan (the Plan) in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The payment of deferred compensation is not available to employees until termination, retirement, death, or emergency. The City discontinued contributions to this plan in 2003.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2007

4. **DETAILED NOTES FOR ALL FUNDS (CONTINUED)**

Defined Contribution Plans The 401(k) plan provided by URS is a multiple-employer defined contribution plan. All employees of the City who participate in the URS contributory, noncontributory, or fire fighters system are eligible to participate in the plan. Employees are immediately 100 percent vested in their contributions to the plan. Employee contributions to the 401 (k) plan and the Deferred Compensation Plan are voluntary. Employer contributions are also voluntary and are intended to standardize the contribution rates for all full time employees participating in the URS. The City's contributions to the 401 (k) plan were \$766,861, \$690,021 and \$665,456 for the years ended June 30, 2007, 2006 and 2005, respectively.

In addition to the URS plans, the City also participates in a 401 (a) plan provided by International City Management Association, a multiple-employer defined contribution plan. Only elected or appointed employees of the City are eligible to participate in this plan. Employees are fully vested upon contribution to the plan. Currently, there are three employees who participate in the plan. The City contributes to the plan on behalf of the employee. Employees are not eligible to make contributions. The contribution requirement for the year ended June 30, 2007 was \$48,264.

In addition to the pension benefits described above, the City provides post-retirement health care benefits in accordance with City policy, to all employees who retire from the City upon completing the requirements for the retirement plan participated in as detailed above. Currently there are 23 retirees who meet those requirements. The City pays 50% of the retirees' health care insurance premiums for the first 18 months with the remaining 50% paid by the retirees on a pay-as-you-go basis. After 18 months, the City pays 20% to 30% of the premium, depending on the retiree's years of service. This post employment benefit is available until the retiree reaches the age of 65 at which time they are no longer eligible to participate. Terminated employees under the COBRA act are allowed to purchase the same insurance policy at their own expense for a period of 18 months. The City paid \$69,945 in premiums for retirees during the fiscal year ended June 30, 2007.

The GASB has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions", which established accounting standards for reporting other post employment benefits (OPEB). Statement 45, which will be effective for the City for the year ended June 30, 2009, will require the City to measure and disclose an amount for annual OPEB cost on the accrual basis of accounting.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2007

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Prior Period Adjustments Since the implementation of GASB 33 and 34, deferred revenue associated with property taxes was eliminated in the government-wide financial statements. Further interpretation of GASB 33 indicates that deferred revenue for non-exchange transactions should not be eliminated in the government-wide financial statements. GASB 33 requires that revenue for property taxes be recognized "in the period for which the taxes are levied". Previously the City has recognized property tax revenue in the government-wide financial statements in the period when the enforceable lien occurred rather than in the period for which the taxes were levied. It has been determined that property taxes assessed in January are levied for the fiscal year beginning the following July. The total effect of this prior period adjustment decreases net assets of governmental activities by \$6,560,000 as of July 1, 2006.

The City has not recorded a liability for sick leave and comp time in prior years, as it was considered insignificant. During the current year, the City evaluated its sick leave and comp time liability and determined the total was material and should be recorded. The effect of this prior period adjustment was to reduce net assets of governmental activities by \$894,522 as of July 1, 2006.

	Special Revenue Funds					Capital Project Funds	Permanent Funds	Totals
	Municipal Building Authority	Library Fund	Redevelop- ment Agency Fund	Community Development Fund	Economic Development Fund	Capital Projects Fund	Cemetery Perpetual Care Fund	Total 2007
Assets								
Cash and cash equivalents	\$ 2,126	\$ 299,281	\$ 1,134,984	\$ 100	\$ 3,874	\$ 2,372,123	\$ 1,227,610	\$ 5,040,098
Receivables								
Due from other governments	-	-	-	28,125	-	-	-	28,125
Property taxes	-	1,295,000	-	-	-	-	-	1,295,000
Restricted cash	-	34,776	-	-	-	-	-	34,776
Land held for resale	-	-	20,000	-	-	-	-	20,000
Total assets	<u>\$ 2,126</u>	<u>\$ 1,629,057</u>	<u>\$ 1,154,984</u>	<u>\$ 28,225</u>	<u>\$ 3,874</u>	<u>\$ 2,372,123</u>	<u>\$ 1,227,610</u>	<u>\$ 6,417,999</u>
Liabilities and Fund Balances								
Accounts payable	\$ -	\$ 40,326	\$ 1,339	\$ -	\$ -	\$ -	\$ -	\$ 41,665
Accrued liabilities	-	31,260	4,272	-	-	-	-	35,532
Deferred revenue	-	1,295,000	-	-	-	-	-	1,295,000
Due to other funds	-	-	-	10,000	-	-	-	10,000
Total liabilities	<u>-</u>	<u>1,366,586</u>	<u>5,611</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,382,197</u>
FUND BALANCES								
Reserved for land held for resale	-	-	20,000	-	-	-	-	20,000
Reserved for working capital	-	34,776	-	-	-	-	-	34,776
Reserved for perpetual care	-	-	-	-	-	-	520,000	520,000
Unreserved								
Undesignated	2,126	227,695	1,129,373	18,225	3,874	2,372,123	707,610	4,461,026
Total fund balances	<u>2,126</u>	<u>262,471</u>	<u>1,149,373</u>	<u>18,225</u>	<u>3,874</u>	<u>2,372,123</u>	<u>1,227,610</u>	<u>5,035,802</u>
Total liabilities and fund balances	<u>\$ 2,126</u>	<u>\$ 1,629,057</u>	<u>\$ 1,154,984</u>	<u>\$ 28,225</u>	<u>\$ 3,874</u>	<u>\$ 2,372,123</u>	<u>\$ 1,227,610</u>	<u>\$ 6,417,999</u>

Murray City Corporation
Year ended June 30, 2007

Non - Major Governmental Funds
Combining Statement of Revenues, Expenditures,
And Changes in Fund Balances

	Special Revenue Funds					Capital Project Funds	Permanent Funds	Total
	Municipal Building Authority	Library Fund	Redevelopment Agency Fund	Community Development Fund	Economic Development Fund	Capital Projects Fund	Cemetery Perpetual Care Fund	Total 2007
Revenues								
Taxes	\$ -	\$ 1,546,241	\$ 815,330	\$ -	\$ -	\$ -	\$ -	\$ 2,361,571
Intergovernmental	-	14,203	-	28,125	-	-	-	42,328
Perpetual care fees	-	-	-	-	-	-	85,315	85,315
Fines and forfeitures	-	35,273	-	-	-	-	-	35,273
Rental income	1,297,000	-	-	-	-	-	-	1,297,000
Interest	26,766	20,674	53,742	-	-	4,473	60,449	166,104
Miscellaneous	-	4,134	-	-	-	-	-	4,134
Total revenues	1,323,766	1,620,525	869,072	28,125	-	4,473	145,764	3,991,725
Expenditures								
Municipal Building Authority	5,207	-	-	-	-	-	-	5,207
Library	-	1,549,356	-	-	-	-	-	1,549,356
Redevelopment	-	-	400,405	-	-	-	-	400,405
Community development	-	-	-	28,125	-	-	-	28,125
Debt service								
Principal	765,000	-	20,000	-	-	-	-	785,000
Interest and admin. charges	318,640	-	86,777	-	-	-	-	405,417
Total expenditures	1,088,847	1,549,356	507,182	28,125	-	-	-	3,173,510
Excess (deficiency) of revenues over (under) expenditures	234,919	71,169	361,890	-	-	4,473	145,764	818,215
Other financing sources (uses)								
Payments to refunded bond escrow agent	(1,621,616)	-	-	-	-	-	-	(1,621,616)
Transfers in	-	-	-	-	-	2,360,000	-	2,360,000
Transfers out	-	-	-	-	-	-	(45,000)	(45,000)
Total other financing sources (uses)	(1,621,616)	-	-	-	-	2,360,000	(45,000)	693,384
Net change in fund balances	(1,386,697)	71,169	361,890	-	-	2,364,473	100,764	1,511,599
Fund balances at beginning of year	1,388,823	191,302	787,483	18,225	3,874	7,650	1,126,846	3,524,203
Fund balances at end of year	\$ 2,126	\$ 262,471	\$ 1,149,373	\$ 18,225	\$ 3,874	\$ 2,372,123	\$ 1,227,610	\$ 5,035,802

Murray City Corporation
Year ended June 30, 2007

Municipal Building Authority
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Rental income	\$ 1,336,000	\$ 1,336,000	\$ 1,297,000	\$ (39,000)
Interest	4,000	4,000	26,766	22,766
Total revenues	<u>1,340,000</u>	<u>1,340,000</u>	<u>1,323,766</u>	<u>(16,234)</u>
Expenditures				
Miscellaneous	10,000	10,000	5,207	4,793
Debt service				
Principal	765,000	765,000	765,000	-
Interest and admin. charges	<u>348,115</u>	<u>348,115</u>	<u>318,640</u>	<u>29,475</u>
Total expenditures	<u>1,123,115</u>	<u>1,123,115</u>	<u>1,088,847</u>	<u>34,268</u>
Excess of revenues over expenditures	216,885	216,885	234,919	18,034
Other financing sources (uses)				
Payments to refunded bond escrow agent	<u>(216,885)</u>	<u>(216,885)</u>	<u>(1,621,616)</u>	<u>(1,404,731)</u>
Net change in fund balance	-	-	(1,386,697)	(1,386,697)
Fund balance at beginning of year	<u>1,388,823</u>	<u>1,388,823</u>	<u>1,388,823</u>	-
Fund balance at end of year	<u>\$ 1,388,823</u>	<u>\$ 1,388,823</u>	<u>\$ 2,126</u>	<u>\$ (1,386,697)</u>

Murray City Corporation
Year ended June 30, 2007

Library Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 1,588,000	\$ 1,588,000	\$ 1,546,241	\$ (41,759)
Intergovernmental	18,000	18,000	14,203	(3,797)
Fines and forfeitures	35,000	35,000	35,273	273
Interest	15,000	15,000	20,674	5,674
Miscellaneous	4,000	4,000	4,134	134
Total revenues	<u>1,660,000</u>	<u>1,660,000</u>	<u>1,620,525</u>	<u>(39,475)</u>
Expenditures				
Current				
Salaries and wages	870,400	870,400	870,937	(537)
Building and equipment repairs and maintenance	373,000	373,000	316,993	56,007
Books and periodicals	244,000	244,000	252,999	(8,999)
Miscellaneous	122,600	122,600	108,427	14,173
Total expenditures	<u>1,610,000</u>	<u>1,610,000</u>	<u>1,549,356</u>	<u>60,644</u>
Net change in fund balance	50,000	50,000	71,169	21,169
Fund balance at beginning of year	<u>191,302</u>	<u>191,302</u>	<u>191,302</u>	<u>-</u>
Fund balance at end of year	<u>\$ 241,302</u>	<u>\$ 241,302</u>	<u>\$ 262,471</u>	<u>\$ 21,169</u>

Murray City Corporation
Year ended June 30, 2007

Redevelopment Agency Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 820,000	\$ 820,000	\$ 815,330	\$ (4,670)
Interest	19,000	19,000	53,742	34,742
Miscellaneous	1,000	1,000	-	(1,000)
Total revenues	840,000	840,000	869,072	29,072
Expenditures				
Current				
Professional services	242,800	242,800	111,185	131,615
Salaries and wages	110,000	110,000	105,985	4,015
Miscellaneous	224,200	224,200	183,235	40,965
Capital outlay	156,000	156,000	-	156,000
Debt service				
Principal	20,000	20,000	20,000	-
Interest and admin. charges	87,000	87,000	86,777	223
Total expenditures	840,000	840,000	507,182	332,818
Net change in fund balance	-	-	361,890	361,890
Fund balance at beginning of year	787,483	787,483	787,483	-
Fund balance at end of year	\$ 787,483	\$ 787,483	\$ 1,149,373	\$ 361,890

Murray City Corporation
Year ended June 30, 2007

Community Development Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 304,000	\$ 304,000	\$ 28,125	\$ (275,875)
Total revenues	304,000	304,000	28,125	(275,875)
Expenditures				
Miscellaneous	304,000	304,000	28,125	275,875
Total expenditures	304,000	304,000	28,125	275,875
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	18,225	18,225	18,225	-
Fund balance at end of year	<u>\$ 18,225</u>	<u>\$ 18,225</u>	<u>\$ 18,225</u>	<u>\$ -</u>

Murray City Corporation
Year ended June 30, 2007

Economic Development Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Miscellaneous	28,000	28,000	-	28,000
Total expenditures	28,000	28,000	-	28,000
Net change in fund balance	(28,000)	(28,000)	-	28,000
Fund balance at beginning of year	3,874	3,874	3,874	-
Fund balance at end of year	\$ (24,126)	\$ (24,126)	\$ 3,874	\$ 28,000

Murray City Corporation
Year ended June 30, 2007

Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget Positive (Negative)
Revenues				
Interest		\$ -	\$ 4,473	\$ 4,473
Total revenues	-	-	4,473	4,473
Expenditures				
Capital outlay	-	2,360,000	-	2,360,000
Total expenditures	-	2,360,000	-	2,360,000
Excess (deficiency) of revenues over (under) expenditures	-	(2,360,000)	4,473	2,364,473
Other financing sources (uses)				
Transfers in	-	2,360,000	2,360,000	-
Net change in fund balance	-	-	2,364,473	2,364,473
Fund balance at beginning of year	7,650	7,650	7,650	-
Fund balance at end of year	<u>\$ 7,650</u>	<u>\$ 7,650</u>	<u>\$ 2,372,123</u>	<u>\$ 2,364,473</u>

Murray City Corporation
Year ended June 30, 2007

Cemetery Perpetual Care Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Perpetual care fees	\$ 45,000	\$ 45,000	\$ 85,315	\$ 40,315
Interest	35,000	35,000	60,449	25,449
Total revenues	80,000	80,000	145,764	65,764
Expenditures	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	80,000	80,000	145,764	65,764
Other financing sources (uses)				
Transfers out	(45,000)	(45,000)	(45,000)	-
Total other financing sources (uses)	(45,000)	(45,000)	(45,000)	-
Net change in fund balance	35,000	35,000	100,764	65,764
Fund balance at beginning of year	1,126,846	1,126,846	1,126,846	-
Fund balance at end of year	<u>\$ 1,161,846</u>	<u>\$ 1,161,846</u>	<u>\$ 1,227,610</u>	<u>\$ 65,764</u>

Murray City Corporation
June 30, 2007

Internal Service Funds
Statement of Net Assets

	Central Garage Fund	Retained Risk Reserve Fund	Total 2007
Assets			
Current assets			
Cash and cash equivalents	\$ 20,404	\$ 823,796	\$ 844,200
Inventories	69,998	-	69,998
Total current assets	90,402	823,796	914,198
Property, plant, and equipment			
Machinery and equipment	138,176	-	138,176
Less accumulated depreciation	(77,140)	-	(77,140)
Net property, plant, and equipment	61,036	-	61,036
Total assets	151,438	823,796	975,234
Liabilities and Net Assets			
Current liabilities			
Accounts payable	\$ 9,542	\$ -	\$ 9,542
Accrued liabilities	10,031	200,000	210,031
Due to other funds	100,000	-	100,000
Total current liabilities	119,573	200,000	319,573
Compensated absences	32,705	-	32,705
Total liabilities	152,278	200,000	352,278
Net assets			
Invested in capital assets	61,036	-	61,036
Unrestricted	(61,876)	623,796	561,920
Total net assets	\$ (840)	\$ 623,796	\$ 622,956

Murray City Corporation
Year ended June 30, 2007

Internal Service Funds
Statement of Revenues, Expenses, and
Changes in Fund Net Assets

	Central Garage Fund	Retained Risk Reserve Fund	Total 2007
Operating revenues - charges for services	\$ 447,851	\$ -	\$ 447,851
Operating expenses			
Depreciation and amortization	5,314	-	5,314
Garage	366,496	-	366,496
Self insurance claims	-	37,000	37,000
Total expenses	371,810	37,000	408,810
Operating income	76,041	(37,000)	39,041
Nonoperating revenues			
Interest revenue	-	42,736	42,736
Change in net assets	76,041	5,736	81,777
Net assets - beginning of year	(76,881)	618,060	541,179
Net assets - end of year	\$ (840)	\$ 623,796	\$ 622,956

Murray City Corporation
Year ended June 30, 2007

Internal Service Funds
Statement of Cash Flows

	Central Garage Fund	Retained Risk Reserve Fund	Total 2007
Cash flows from operating activities			
Receipts from customers and users	\$ 421,657	\$ -	\$ 421,657
Payments to suppliers	(60,104)	(37,000)	(97,104)
Payments to employees	(292,563)	-	(292,563)
Net cash provided (used) by operating activities	68,990	(37,000)	31,990
Cash flows used in capital and related financing activities	-	-	-
Cash flows from investing activities			
Interest and dividends received	(50,000)	42,736	(7,264)
Net cash provided (used) by investing activities	(50,000)	42,736	(7,264)
Net increase in cash and cash equivalents	18,990	5,736	24,726
Cash and cash equivalents at beginning of year	1,414	818,060	819,474
Cash and cash equivalents at end of year	<u>\$ 20,404</u>	<u>\$ 823,796</u>	<u>\$ 844,200</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 76,041	\$ (37,000)	\$ 39,041
Adjustments to reconcile operating income to net cash provided by (used in) operating activities			
Depreciation and amortization	5,314	-	5,314
Changes in assets and liabilities			
Inventories	(26,312)	-	(26,312)
Accounts receivable	118	-	118
Accounts payable	(2,967)	-	(2,967)
Accrued liabilities	(1,412)	-	(1,412)
Compensated absences	18,208	-	18,208
Net cash provided (used) by operating activities	<u>\$ 68,990</u>	<u>\$ (37,000)</u>	<u>\$ 31,990</u>

	Enterprise Funds			
	Murray Parkway Recreation Fund	Solid Waste Management Fund	Tele- communications Fund	Total Non- Major Funds
ASSETS				
Current assets				
Cash and cash equivalents	\$ 386,520	\$ 457,279	\$ -	\$ 843,799
Receivables				
Accounts	-	42,364	-	42,364
Inventories	71,697	-	-	71,697
Total current assets	458,217	499,643	-	957,860
Property, plant and equipment				
Land	326,336	-	-	326,336
Buildings	797,534	-	-	797,534
Improvements other than buildings	3,820,592	-	-	3,820,592
Machinery and equipment	634,319	-	-	634,319
Furniture and fixtures	6,434	-	-	6,434
Accumulated depreciation	(3,980,414)	-	-	(3,980,414)
Net property, plant, and equipment	1,604,801	-	-	1,604,801
Total assets	2,063,018	499,643	-	2,562,661
LIABILITIES				
Current liabilities				
Accounts payable	46,394	56,585	-	102,979
Accrued liabilities	54,896	-	-	54,896
Accrued interest	4,984	-	-	4,984
Long-term debt - current portion	34,025	66,528	-	100,553
Total current liabilities	140,299	123,113	-	263,412
Noncurrent liabilities				
Compensated absences	87,700	-	-	87,700
Long-term debt	156,656	69,090	-	225,746
Total noncurrent liabilities	244,356	69,090	-	313,446
Total liabilities	384,655	192,203	-	576,858
NET ASSETS				
Invested in capital assets, net of debt	1,604,801	-	-	1,604,801
Unrestricted	73,562	307,440	-	381,002
Total net assets	\$ 1,678,363	\$ 307,440	\$ -	\$ 1,985,803

Murray City Corporation
Year ended June 30, 2007

Non-Major Proprietary Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets

	Enterprise Funds			
	Murray Parkway Recreation Fund	Solid Waste Management Fund	Tele- communications Fund	Total Non- Major Funds
Operating revenues				
Sales and charges for services	\$ 669,882	\$ 829,573	\$ -	\$ 1,499,455
Green fees	906,121	-	-	906,121
Other	15,983	-	32,217	48,200
Total operating revenues	1,591,986	829,573	32,217	2,453,776
Operating expenses				
Administration and general	637,510	-	-	637,510
Depreciation and amortization	180,364	-	-	180,364
Operations and maintenance	235,598	782,577	-	1,018,175
Jordan River Parkway	670,820	-	-	670,820
Total operating expenses	1,724,292	782,577	-	2,506,869
Operating income (loss)	(132,306)	46,996	32,217	(53,093)
Nonoperating revenues (expenses)				
Interest revenue	12,009	2,729	-	14,738
Interest expense	(4,984)	-	-	(4,984)
Net nonoperating revenues (expenses)	7,025	2,729	-	9,754
Income (loss) before transfers	(125,281)	49,725	32,217	(43,339)
Transfers out	(22,008)	-	-	(22,008)
Change in net assets	(147,289)	49,725	32,217	(65,347)
Net assets at beginning of year	1,825,652	257,715	(32,217)	2,051,150
Net assets at end of year	\$ 1,678,363	\$ 307,440	\$ -	\$ 1,985,803

Murray City Corporation
Year ended June 30, 2007

Non-Major Proprietary Funds
Combining Statement of Cash Flows

	Enterprise Funds			Total Non- Major Funds
	Murray Parkway Recreation Fund	Solid Waste Management Fund	Tele- communications Fund	
Cash flows from operating activities				
Receipts from customers and users	\$ 1,588,423	\$ 827,924	\$ 32,217	\$ 2,448,564
Payments to suppliers	(678,567)	(726,084)	-	(1,404,651)
Payments to employees	(775,709)	-	-	(775,709)
Net cash provided by operating activities	134,147	101,840	32,217	268,204
Cash flows from noncapital financing activities				
Transfers to other funds	(22,008)	-	-	(22,008)
Advances to other funds	-	-	(33,000)	(33,000)
Net cash used in noncapital financing activities	(22,008)	-	(33,000)	(55,008)
Cash flows from capital and related financing activities				
Acquisition of capital assets	(150,254)	-	-	(150,254)
Proceeds from issuance of debt	190,681	-	-	190,681
Principal payments on debt	-	(64,063)	-	(64,063)
Net cash used in capital and related financing activities	40,427	(64,063)	-	(23,636)
Cash flows from investing activities				
Interest and dividends received	12,009	2,729	-	14,738
Net cash provided by investing activities	12,009	2,729	-	14,738
Net increase in cash and cash equivalents	164,575	40,506	(783)	204,298
Cash and cash equivalents at beginning of year	221,945	416,773	783	639,501
Cash and cash equivalents at end of year	\$ 386,520	\$ 457,279	\$ -	\$ 843,799
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ (132,306)	\$ 46,996	\$ 32,217	\$ (53,093)
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	180,364	-	-	180,364
Changes in assets and liabilities				
Accounts receivable	-	(1,649)	-	(1,649)
Inventories	(3,563)	-	-	(3,563)
Accounts payable	29,207	56,493	-	85,700
Accrued liabilities	4,357	-	-	4,357
Compensated absences	56,088	-	-	56,088
Net cash provided by operating activities	\$ 134,147	\$ 101,840	\$ 32,217	\$ 268,204

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Murray City Corporation, Utah

Statistical Section

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

- Financial Trends--these schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.
- Revenue Capacity--these schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.
- Debt Capacity--these schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.
- Demographic and Economic Information--these schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.
- Operating Information--these schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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MURRAY CITY CORPORATION

Schedule 1

Net Assets by Component
Last Six Fiscal Years
(accrual basis of accounting)

	Fiscal Year					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental Activities						
Invested in capital assets, net of related debt	\$22,869,807	\$28,770,223	\$28,343,192	\$29,541,665	\$52,274,868	\$52,908,117
Restricted	7,557,422	2,558,697	2,202,087	1,898,696	1,899,774	520,000
Unrestricted	12,289,215	13,450,927	15,688,858	18,077,438	20,642,104	18,270,359
Total governmental activities net assets	<u>\$42,716,444</u>	<u>\$44,779,847</u>	<u>\$46,234,137</u>	<u>\$49,517,799</u>	<u>\$74,816,746</u>	<u>\$71,698,476</u>
Business-type activities						
Invested in capital assets, net of related debt	\$49,286,673	\$53,545,182	\$49,573,548	\$39,193,479	\$42,286,323	\$56,426,684
Restricted	2,121,200	2,155,287	4,282,936	314,066	314,066	0
Unrestricted	4,610,149	2,102,157	3,188,789	18,453,040	16,911,220	16,278,747
Total business-type activities net assets	<u>\$56,018,022</u>	<u>\$57,802,626</u>	<u>\$57,045,273</u>	<u>\$57,960,585</u>	<u>\$59,511,609</u>	<u>\$72,705,431</u>
Primary Government						
Invested in capital assets, net of related debt	\$72,156,480	\$82,315,405	\$77,916,740	\$68,735,144	\$94,561,191	\$109,334,801
Restricted	9,678,622	4,713,984	6,485,023	2,212,762	2,213,840	520,000
Unrestricted	16,899,364	15,553,084	18,877,647	36,530,478	37,553,324	34,549,106
Total primary government net assets	<u>\$98,734,466</u>	<u>\$102,582,473</u>	<u>\$103,279,410</u>	<u>\$107,478,384</u>	<u>\$134,328,355</u>	<u>\$144,403,907</u>

Note: Information is not available for years prior to 2002 when the City implemented the GASB Statement 34 reporting model.

MURRAY CITY CORPORATION

Schedule 2

Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)

	Fiscal Year					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenses						
Governmental Activities						
General government	\$4,065,105	\$4,136,700	\$4,074,801	\$4,054,281	\$4,557,351	\$5,089,925
Public safety	12,416,912	12,392,322	13,214,002	13,877,094	14,387,079	15,758,002
Highways and public improvements	4,748,122	4,459,142	4,874,103	3,724,064	7,430,318	5,914,630
Parks, recreation and public property	3,348,204	2,907,748	5,563,445	6,083,456	6,556,539	6,705,421
Library	1,128,403	1,139,467	1,258,685	1,379,520	1,468,358	1,477,881
Community and economic development	2,225,452	385,434	525,528	684,436	606,982	433,737
Interest on long-term debt	652,990	781,567	764,187	774,296	708,588	427,264
Total governmental activities expenses	\$28,585,188	\$26,202,380	\$30,274,751	\$30,577,147	\$35,715,215	\$35,806,860
Business-type activities						
Power	\$37,517,554	\$30,596,620	\$30,183,419	\$30,428,215	\$32,394,213	\$33,585,345
Water	3,249,238	3,368,046	3,752,221	4,046,970	3,662,740	4,022,923
Wastewater	2,641,355	2,925,598	2,945,314	3,032,725	3,403,524	3,353,761
Golf course	1,961,230	1,570,162	1,448,381	1,469,321	1,397,843	1,729,276
Telecommunications/Storm Water in 2007	178,304	214,648	213,443	0	0	1,462,630
Solid waste	641,874	299,524	1,012,461	682,874	741,945	782,577
Total business-type activities expenses	\$46,189,555	\$38,974,598	\$39,555,239	\$39,660,105	\$41,600,265	\$44,936,512
Total primary government expenses	\$74,774,743	\$65,176,978	\$69,829,990	\$70,237,252	\$77,315,480	\$80,743,372
Program Revenues						
Governmental Activities						
Charges for services	\$5,836,058	\$5,552,891	\$6,135,776	\$7,711,241	\$5,948,885	\$6,474,169
Operating grants and contributions	184,101	210,603	307,046	369,624	456,718	555,443
Capital grants and contributions	1,615,985	1,740,930	1,612,653	1,365,688	1,491,235	14,892,624
Total governmental activities program revenues	\$7,636,144	\$7,504,424	\$8,055,475	\$9,446,553	\$7,896,838	\$21,922,236

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Business-type activities						
Charges for services						
Power	\$29,418,522	\$32,331,530	\$29,040,954	\$28,963,206	\$29,904,184	\$33,378,621
Water	3,196,993	3,663,390	4,592,803	5,082,931	5,105,574	5,565,674
Wastewater	2,514,964	3,058,672	3,250,041	3,887,480	3,256,781	3,399,200
Golf course	1,492,402	1,584,819	1,346,824	1,344,921	1,474,959	1,591,986
Telecommunications/Storm water in 2007	0	0	24,076	272,002	278,100	1,521,977
Solid waste	299,003	307,520	798,893	813,042	807,430	829,573
Capital grants and contributions	785,901	81,570	0	0	0	0
Total business-type activities program revenues	\$37,707,785	\$41,027,501	\$39,053,591	\$40,363,582	\$40,827,028	\$46,287,031
Total primary government program revenues	\$45,343,929	\$48,531,925	\$47,109,066	\$49,810,135	\$48,723,866	\$68,209,267

Net (Expense)/Revenue

Governmental Activities	(\$20,949,044)	(\$18,697,956)	(\$22,219,276)	(\$21,130,594)	(\$27,818,377)	(\$13,884,624)
Business-type activities	(8,481,770)	2,052,903	(501,648)	703,477	(773,237)	1,350,519
Total primary government net expense	(\$29,430,814)	(\$16,645,053)	(\$22,720,924)	(\$20,427,117)	(\$28,591,614)	(\$12,534,105)

General Revenues and Other Changes in Net Assets

Governmental activities						
Taxes						
Property taxes	\$5,090,708	\$5,707,438	\$7,115,502	\$6,801,198	\$8,516,510	\$8,783,986
Franchise taxes	747,943	2,025,047	2,140,507	2,933,072	3,172,563	3,480,723
General sales taxes and highway sales taxes	13,221,897	11,795,500	12,952,157	13,676,733	15,115,383	15,234,712
Interest income	651,301	448,815	433,704	463,925	726,690	1,068,574
Loss on sale and disposal of assets	(1,127,587)	134,127	87,909	126,981	115,434	109,197
Miscellaneous	297,722	205,432	492,487	203,347	202,229	324,666
Rent, transfers and miscellaneous	575,000	445,000	451,300	209,000	1,018,807	(10,780,982)
Total governmental activities	19,456,984	20,761,359	23,673,566	24,414,256	28,867,616	18,220,876

Business-type activities						
Interest income	423,041	176,701	195,595	369,377	784,971	830,878
Gain on sale and disposal of assets	0	0	0	51,458	2,558,097	199,226
Rent and transfers	(575,000)	(445,000)	(451,300)	(209,000)	(1,018,807)	10,813,199
Total business-type activities	(151,959)	(268,299)	(255,705)	211,835	2,324,261	11,843,303
Total primary government	\$19,305,025	\$20,493,060	\$23,417,861	\$24,626,091	\$31,191,877	\$30,064,179

Changes in Net Assets

Governmental Activities	(\$1,492,060)	\$2,063,403	\$1,454,290	\$3,283,662	\$1,049,239	\$4,336,252
Business-type activities	(8,633,729)	1,784,604	(757,353)	915,312	1,551,024	13,193,822
Total primary government	(\$10,125,789)	\$3,848,007	\$696,937	\$4,198,974	\$2,600,263	\$17,530,074

MURRAY CITY CORPORATION
Schedule 3
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund										
Reserved	\$72	\$72	\$76	\$79	\$600	\$184	\$1,580	\$1,745	\$1,280	\$3,065
Unreserved	3,812	3,595	3,901	4,143	5,873	4,145	4,032	6,233	7,781	8,092
Total General Fund	\$3,884	\$3,667	\$3,977	\$4,222	\$6,473	\$4,329	\$5,612	\$7,978	\$9,061	\$11,157
All other governmental funds										
Reserved	\$1,484	\$1,498	\$1,907	\$1,559	\$2,548	\$2,149	\$1,949	\$1,978	\$1,952	\$575
Unreserved, reported in										
Capital projects funds	266	52	106	168	176	102	614	197	8	2,372
Special revenue funds	1,565	1,296	892	2,027	3,145	1,324	1,108	1,420	1,564	2,089
Debt service funds	0	0	0	0	0	0	0	0	0	0
Total all other governmental funds	\$3,315	\$2,846	\$2,905	\$3,754	\$5,869	\$3,575	\$3,671	\$3,595	\$3,524	\$5,036

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Murray City Corporation
Schedule 4
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues										
Taxes and special assessments	\$17,614	\$18,411	\$19,475	\$20,090	\$21,505	\$20,228	\$22,837	\$24,845	\$25,247	\$27,644
Licenses and permits	660	857	1,035	902	802	1,052	1,025	2,235	1,449	1,659
Intergovernmental	1,954	1,530	1,408	3,826	2,081	1,952	1,920	1,736	1,948	2,099
Charges for services	890	749	967	962	1,202	1,365	1,586	1,776	1,985	2,122
Fines and forfeitures	248	348	682	1,068	1,475	1,842	2,150	2,384	2,300	2,477
Rents and concessions	158	772	747	772	757	747	1,060	1,326	1,314	1,297
Miscellaneous	288	283	321	354	298	205	492	203	202	325
Interest	471	648	598	723	651	439	434	464	727	1,026
Total revenues	22,283	23,598	25,233	28,697	28,771	27,830	31,504	34,969	35,172	38,649

Expenditures										
General government	2,392	2,978	3,038	3,203	2,536	4,069	4,302	4,566	5,105	5,407
Public safety	8,181	9,063	9,847	11,178	11,827	11,744	12,534	13,194	14,624	16,166
Highways and public improvements	4,829	2,981	3,308	3,590	4,330	4,321	4,243	3,274	5,734	3,186
Parks, recreation & public property	2,388	2,434	2,769	2,730	3,061	3,416	4,802	5,328	5,621	6,003
Library	724	897	969	1,080	1,230	1,242	1,362	1,514	1,540	1,549
Community & economic development	262	249	26	47	594	249	258	201	237	33
Redevelopment	247	228	268	319	163	135	267	477	369	400
Capital outlay	9,334	4,457	3,711	4,337	12,403	5,864	4,095	2,967	231	1,371
Debt service										
Principal	310	994	755	800	796	585	935	1,260	1,300	1,340
Interest	348	400	306	260	606	777	745	772	713	448
Bond issuance costs	0	0	0	0	207	0	0	0	0	159
Total expenditures	29,015	24,681	24,997	27,544	37,753	32,402	33,543	33,553	35,474	36,062

Excess of revenues over (under) expenditures	(6,732)	(1,083)	236	1,153	(8,982)	(4,572)	(2,039)	1,416	(302)	2,587
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Other Financing Sources (Uses)										
Proceeds from borrowing	6,890	0	0	0	11,655	0	3,000	0	0	10,156
Payments to refunding bond escrow	0	0	0	0	0	0	0	0	0	(11,619)
Capital lease financing	0	0	0	0	0	0	0	733	180	0
Transfers in	2,075	215	215	200	1,180	560	25	245	1,576	5,195
Transfers out	(1,911)	(50)	(50)	(25)	(1,060)	(560)	(25)	(245)	(557)	(2,842)
Sale of fixed assets	2,328	353	88	113	173	134	418	141	115	130
Advance refunding	(2,283)	0	0	0	0	0	0	0	0	0
Total other financing sources (uses)	7,099	518	253	288	11,948	134	3,418	874	1,314	1,020
Net change in fund balances	\$367	(\$565)	\$489	\$1,441	\$2,966	(\$4,438)	\$1,379	\$2,290	\$1,012	\$3,607

Debt service as a percentage of noncapital expenditures	3.46%	7.40%	5.25%	4.79%	5.91%	5.41%	6.05%	7.12%	6.06%	5.46%
---	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

**Murray City Corporation
Schedule 5
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year Ending June 30,	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
1998	1,737,801,405	1.29	2,140,000,000	81.2%
1999	1,808,983,965	1.20	2,230,000,000	81.3%
2000	1,879,439,211	1.23	2,320,000,000	81.0%
2001	1,995,381,842	1.36	2,460,000,000	81.1%
2002	2,140,558,277	1.54	2,820,000,000	75.9%
2003	2,240,713,841	1.49	2,870,000,000	78.1%
2004	2,646,945,401	1.51	3,578,000,000	74.0%
2005	2,759,982,137	1.50	3,720,000,000	74.2%
2006	2,862,401,216	1.45	3,863,000,000	74.1%
2007	3,288,381,528	1.77	4,420,000,000	74.40%

Source: Salt Lake County Auditor's Office

Note: All property in Salt Lake County is assessed annually. All property is assessed at its fair market value with a 45% reduction in fair market value allowed for primary residential property. Tax rates are per \$1,000 of assessed value.

**Murray City Corporation
Schedule 5A
Power Fund Revenue Information**

Note: Information on power revenue rates is located in the "Continuing Disclosure Section" under the Electric Revenue Bond Title.

Murray City Corporation
Schedule 6
Direct and Overlapping Property Tax Rates
Last Ten Fiscal years
(rate per \$1,000 of assessed value)

Fiscal Year	City Direct Rate	Overlapping Rates				
	Total Murray City Direct	Murray School District	Murray City Library	Salt Lake County	Mosquito Abatement District	Central Utah Water Conservation
1998	1.29	5.20	0.42	4.16	0.01	0.40
1999	1.20	5.12	0.42	3.41	0.01	0.40
2000	1.23	5.20	0.43	3.87	0.01	0.40
2001	1.36	5.14	0.40	2.91	0.01	0.39
2002	1.54	5.88	0.39	2.03	0.01	0.40
2003	1.49	6.47	0.38	2.94	0.02	0.40
2004	1.51	6.51	0.38	2.87	0.03	0.36
2005	1.50	6.64	0.51	2.82	0.03	0.35
2006	1.45	6.53	0.49	2.68	0.03	0.40
2007	1.52	5.09	0.37	1.99	0.02	0.30

Source: Salt Lake County

Murray City Corporation
Schedule 7
Principal Sales Tax Payers
Current Year and Nine Years Ago

Taxpayer	2007			1998		
	Sales Tax Collections	Rank	Percentage of Total City Sales Taxes	Sales Tax Collections	Rank	Percentage of Total City Sales Taxes
Warehouse Store	\$1,458,991	1	7.65%	-----		-----
Furniture Store	863,570	2	4.53%	\$579,562	1	4.11%
Toyota Dealer	739,975	3	3.88%	418,719	5	2.97%
Clothing Store	593,810	4	3.11%	446,128	4	3.16%
Chevrolet Dealer	528,669	5	2.77%	299,150	8	2.12%
Warehouse Store	508,269	6	2.66%	489,990	3	3.47%
Honda Dealer	463,510	7	2.43%	262,280	9	1.86%
BMW Dealer	463,294	8	2.43%	187,216	10	1.33%
Ford Dealer	418,857	9	2.20%	353,756	6	2.51%
Lexus Dealer	408,269	10	2.14%	231,022	9	1.64%
Electronics Store	384,866	11	2.02%	-----		-----
Telecommunications	345,868	12	1.81%	-----		-----
Heavy Equipment	340,714	13	1.79%	-----		-----
Department Store	328,178	14	1.72%	322,756	7	2.29%
Nissan Dealer	312,229	15	1.64%	165,914	12	1.18%
Building Materials	306,526	16	1.61%	260,520	8	1.85%
Department Store	281,311	17	1.47%	507,365	2	3.59%
Electric Supplies	281,044	18	1.47%	-----		-----
Municipality	271,935	19	1.43%	168,106	11	1.19%
Acura Dealer	257,902	20	1.35%	-----		-----
Infiniti Dealer	215,815	21	1.13%	-----		-----
Total	<u>\$9,773,602</u>		<u>51.22%</u>	<u>\$4,692,484</u>		<u>33.24%</u>

Source: Utah State Tax Commission

**Murray City Corporation
Schedule 8
Property Tax Levies and Collections
Last Ten Fiscal years**

Fiscal Year Ending June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections to Date	
		Amount	Percentage of levy		Amount	Percentage of Levy
1998	2,166,776	2,095,334	96.70%	59,716	2,155,050	99.46%
1999	2,247,357	2,099,550	93.42%	65,898	2,165,448	96.36%
2000	2,347,319	2,267,083	96.58%	79,773	2,346,856	99.98%
2001	2,803,216	2,720,974	97.07%	68,077	2,789,051	99.49%
2002	3,339,529	3,236,133	96.90%	56,414	3,292,547	98.59%
2003	3,370,383	3,266,544	96.92%	82,203	3,348,747	99.36%
2004	4,050,520	3,895,765	96.18%	75,424	3,971,189	98.04%
2005	4,213,642	4,131,312	98.05%	122,950	4,254,262	100.96%
2006	4,252,740	4,125,737	97.01%	111,516	4,237,253	99.64%
2007	5,961,277	5,803,417	97.35%	88,346	5,891,763	98.83%

Source: Salt Lake County Treasurer

Murray City Corporation
Schedule 9
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Revenue Bonds	Capital Leases	Revenue Bonds	Capital Leases			
1998	8,280,000	0	4,305,000	0	12,585,000	1.55%	383
1999	7,286,000	0	3,555,000	0	10,841,000	1.26%	324
2000	6,531,000	0	2,750,000	0	9,281,000	0.74%	204
2001	5,731,000	0	20,000,000	0	25,731,000	1.95%	565
2002	16,590,000	0	19,430,000	126,000	36,146,000	2.72%	798
2003	16,005,000	0	18,755,000	98,000	34,858,000	2.62%	781
2004	18,070,000	0	26,555,000	387,000	45,012,000	3.22%	1,010
2005	16,810,000	713,000	34,820,000	290,000	52,633,000	3.59%	1,184
2006	15,510,000	543,000	33,450,000	200,000	49,703,000	3.27%	1,121
2007	13,115,000	550,159	32,505,000	639,562	46,809,721	2.71%	1,044

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Murray City Corporation
Schedule 10
Direct and Overlapping Governmental Activities Debt
As of June 30, 2007

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Murray City School District	\$25,230,000	100.00%	\$26,520,000
Salt Lake County General Obligation Debt	175,986,840	4.50%	7,919,408
Other debt			
Salt Lake County Sales Tax Bonds	87,328,055	4.50%	3,929,762
Salt Lake County Lease Revenue Bonds	52,005,004	4.50%	2,340,225
Salt Lake County Capital Leases	2,423,450	4.50%	109,055
Salt Lake County Notes Payable	715,000	4.50%	32,175
Subtotal, overlapping debt			40,850,626
City direct debt			13,665,159
Total direct and overlapping debt			\$54,515,785

Source: Debt outstanding data obtained from Comprehensive Annual Financial Report of the governmental unit.

Note: The percentage of overlapping debt is based upon population.

Murray City Corporation
Schedule 11
Legal Debt Margin Information
Last Ten Fiscal Years
(in thousands of dollars)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit	\$171,200	\$178,400	\$185,600	\$196,800	\$225,600	\$229,600	\$286,240	\$297,600	\$309,040	\$353,600
Total net debt applicable to limit	3,286	2,536	1,731	18,366	19,661	18,977	29,739	39,085	48,960	45,620
Legal debt margin	\$167,914	\$175,864	\$183,869	\$178,434	\$205,939	\$210,623	\$256,501	\$258,515	\$260,080	\$307,980

Total net debt applicable to the
limit as a percentage of debt limit 1.92% 1.42% 0.93% 9.33% 8.71% 8.27% 10.39% 13.13% 15.84% 12.90%

The bonded debt of the City is limited by statute to 8% of the "reasonable fair cash value" of property.

Legal Debt Margin Calculation for Fiscal Year 2007

Total reasonable fair cash value	<u>\$4,420,000</u>
Debt limit (8% of fair cash value)	353,600
Debt applicable to debt limit:	<u>45,620</u>
Legal debt margin	<u><u>\$307,980</u></u>

**Murray City Corporation
Schedule 12
Pledged Revenue Coverage
Last Ten Fiscal Years**

2001, 2004 and 2006 Electric Revenue Bonds						
Fiscal Year	(1) Utility Revenues	(2) Less Utility Expenses	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
1998	21,400,720	17,653,807	3,746,913	710,000	343,948	3.56
1999	23,390,111	17,507,937	5,882,174	750,000	297,088	5.62
2000	23,475,471	18,981,880	4,493,591	805,000	246,838	4.27
2001	23,453,257	24,170,134	(716,877)	0	366,063	(1.96)
2002	29,865,308	32,086,704	(2,221,396)	570,000	1,073,620	(1.35)
2003	32,505,637	25,863,361	6,642,276	675,000	958,300	4.07
2004	29,174,680	25,364,029	3,810,651	700,000	931,300	2.34
2005	29,276,312	25,246,377	4,029,935	730,000	1,138,221	2.16
2006	32,957,429	27,534,067	5,423,362	1,060,000	1,276,823	2.32
2007	33,905,131	28,952,452	4,952,679	1,115,000	1,147,010	2.19

2003 Water and Sewer Revenue Bonds						
2004	\$7,904,276	\$4,865,702	\$3,038,574	\$0	\$161,331	18.83
2005	9,075,720	4,799,802	\$4,275,918	305,000	346,825	6.56
2006	8,645,714	5,112,252	\$3,533,462	310,000	340,675	5.43
2007	9,565,796	5,363,965	\$4,201,831	315,000	345,122	6.37

2003 Excise Tax Road Revenue Bonds						
2004	\$1,545,963	\$0	\$1,545,963	\$0	\$34,688	44.57
2005	1,200,096	0	\$1,200,096	535,000	64,025	2.00
2006	1,415,168	0	\$1,415,168	545,000	53,225	2.37
2007	1,515,171	0	\$1,515,171	555,000	42,125	2.54

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Revenues include operating and nonoperating revenues.

(2) Expenses exclusive of depreciation, amortization, loss in joint venture, interest expense and in lieu of tax transfers.

**Murray City Corporation
Schedule 13
Demographic and Economic Statistics
Last Ten Calendar Years**

Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Unemployment Rates (3)
1997	32,335	752,952,810	23,286	2.7%
1998	32,898	809,422,392	24,604	3.4%
1999	33,461	857,136,976	25,616	3.4%
2000	45,391	1,256,150,534	27,674	3.0%
2001	45,565	1,317,511,975	28,915	4.3%
2002	45,315	1,329,949,935	29,349	6.3%
2003	44,621	1,331,401,398	29,838	5.7%
2004	44,555	1,397,467,575	31,365	4.8%
2005	44,453	1,466,193,299	32,983	4.7%
2006	44,844	1,728,467,186	38,544	2.4%

(1) United States Census Bureau for Murray City.

(2) U. S. Department of Commerce, Bureau of Economic Analysis for Salt Lake County.

(3) Utah Department of Workforce Services for Salt Lake County.

**Murray City Corporation
Schedule 14
Principal Employers
As of June 30, 2007**

Employer	I By Industry Type	Employees	Rank
Cottonwood Hospital	Health Care	1,790	1
Murray City Corporation	Local Government	976	2
Murray City School District	Public Education	875	3
The University of Phoenix	Higher Education	475	4
3M Health Information Systems	Data Processing Services	377	5
Securitas Security Services	Security Services	369	6
Nordstrom, Inc	Department Store	351	7
Workers Compensation Fund	Insurance	326	8
Ivory Employee leasing Corp.	Employee Leasing	265	9
Dillard's	Department Store	248	10

Note: Principal Employers for prior years is not available.

Murray City Corporation
Schedule 15
Full Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	Full Time Equivalent Employees as of June 30									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Government	57	56	54	58	62	66	66	68	66	65
Police										
Officers	61	61	66	67	67	70	72	75	75	78
Civilians	15	15	15	17	17	17	17	17	17	17
Fire										
Firefighters	40	40	40	50	50	50	50	50	50	52
Civilians	2	2	2	1	2	2	2	2	2	2
Highways & Public Improvements	38	38	36	36	38	38	40	40	42	36
Parks, Recreation & Public Property	30	29	29	31	31	34	34	34	34	34
Library	10	10	10	10	10	10	10	10	10	10
Community & Economic Development	4	5	5	6	6	6	6	5	5	5
Fleet	6	7	7	7	6	6	6	5	5	4
Power	55	60	59	62	59	55	56	54	54	54
Water	17	14	15	16	16	17	16	16	16	16
Wastewater	9	11	11	10	10	9	10	10	9	9
Golf Course	9	10	10	10	9	9	9	9	9	9
Storm Water	0	0	0	0	0	0	0	0	0	6
Metro Narcotics Task Force	4	4	4	4	4	4	4	4	4	4
Total Full Time Equivalent Employees	<u>357</u>	<u>362</u>	<u>363</u>	<u>385</u>	<u>387</u>	<u>393</u>	<u>398</u>	<u>399</u>	<u>398</u>	<u>401</u>
Seasonal Employees	<u>308</u>	<u>287</u>	<u>307</u>	<u>326</u>	<u>393</u>	<u>503</u>	<u>555</u>	<u>574</u>	<u>543</u>	<u>575</u>
Total Employees	<u>665</u>	<u>649</u>	<u>670</u>	<u>711</u>	<u>780</u>	<u>896</u>	<u>953</u>	<u>973</u>	<u>941</u>	<u>976</u>

Murray City Corporation
Schedule 16
Operating Indicators By Function/Program
Last Ten Fiscal Years

	Fiscal Year									
<u>Function/Program</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Police										
Physical arrests	2,075	3,200	2,697	3,497	3,654	3,528	4,318	4,563	4,260	2,549
Traffic citations	---	---	---	---	---	7,746	11,429	13,588	11,959	6,935
Fire										
Fire calls	807	916	1,020	1,113	1,148	1,163	1,030	1,086	1,261	1,252
Medical calls	2,296	2,511	2,730	2,991	3,489	3,473	3,141	3,490	3,456	3,687
Inspections	1,008	912	905	987	1,144	1,310	1,266	1,132	1,176	1,200
Parks and recreation										
Park Center admissions	0	0	0	0	2,522	18,539	30,317	32,074	34,000	33,257
Recreation participants	11,931	11,082	11,686	11,436	12,100	13,653	14,873	15,581	15,320	15,484
Library										
Volumes in collection	80,516	76,697	73,406	84,344	81,715	82,335	82,602	81,643	85,861	84,236
Total volumes borrowed	281,147	266,022	262,974	265,084	294,418	307,901	340,622	352,306	339,282	365,855
Water										
Customers	8,850	8,853	9,084	9,074	9,229	9,310	9,356	9,304	9,456	9,490
Annual consumption (in millions of gallons)	3,367	3,397	3,131	2,974	2,836	2,729	2,711	3,234	2,750	3,865
Sewer										
Customers	8,700	8,704	8,561	8,598	8,627	8,722	8,784	8,817	8,953	8,966
Power										
Customers	15,760	15,771	16,213	15,904	15,938	15,999	16,087	16,112	16,269	16,500
Peak demand (KW)	78,526	80,532	82,320	89,040	89,980	93,150	98,300	93,310	98,560	98,246
Internal generation (MWH)	11,548	12,536	9,608	14,616	93,876	50,014	42,411	25,729	27,655	53,055
Purchased power (MWH)	332,690	329,841	361,098	368,396	305,859	331,056	397,312	369,312	383,825	361,917

Murray City Corporation
Schedule 17
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	39	39	36	36	36	36	38	38	38	40
Fire stations	3	3	3	3	3	3	3	3	3	3
Public works										
Streets (miles)	135	135	136	136	136	142	142	143	143	144
Streetlights	2,333	2,355	2,361	2,370	2,385	2,409	2,454	2,458	2,489	2,584
Parks and recreation										
Acreage	124	124	149	149	149	259	259	259	259	259
Parks	9	9	9	9	10	10	10	10	10	10
Golf courses	2	2	2	2	2	2	2	2	2	2
Recreation centers	0	0	0	0	0	1	1	1	1	1
Water										
Water mains (miles)	138	139	139	174	176	176	177	178	178	179
Wastewater										
Sanitary sewers (miles)	82	82	84	113	121	122	124	125	125	125
Power										
Generators	3	3	3	3	4	4	4	4	4	4
Substations	4	4	4	4	4	4	4	4	4	5

COMPLIANCE SECTION

Hansen, Bradshaw, Malmrose & Erickson

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members of the City Council
Murray City Corporation, Utah

We have audited the basic financial statements of Murray City Corporation, Utah (the City), as of and for the year ended June 30, 2007, and have issued our report thereon dated November 2, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the City in a separate letter dated November 2, 2007.

This report is intended solely for the information and use of management, the City Council and others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

November 2, 2007

Hansen, Bradshaw, Malmrose & Erickson

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON STATE OF UTAH STATE LEGAL COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members of the City Council
Murray City Corporation, Utah

We have audited the basic financial statements of Murray City Corporation, Utah (the City) for the year ended June 30, 2007, and have issued our report thereon dated November 2, 2007. As part of our audit, we have audited the City's compliance with the requirements governing types of services allowed or unallowed; eligibility; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2007. The City received the following major State assistance programs from the State of Utah:

B & C Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)

Our audit also included testwork on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Cash Management	B & C Road Funds
Budgetary Compliance	Other Compliance Requirements
Truth in Taxation and Property	Impact Fees
Tax Limitation	Uniform Building Code Standards
Liquor Law Enforcement	Purchasing Requirements
Public Debt	

The management of the City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying schedule of findings. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Murray City Corporation, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2007.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

November 2, 2007

MURRAY CITY CORPORATION
Schedule of Findings
Year Ended June 30, 2007

Requirement/Program

Current Year Findings

1. Fund Balance

Finding: Unreserved fund balance in the General Fund can be up to 18% of the budgeted revenues of the fund. At June 30, 2007, unreserved fund balance is 22.6% of 2007-2008 budgeted revenues.

Recommendation: The City should amend the current year budget as necessary and appropriate the excess fund balance.

Management's Response: The City Council appropriated a transfer of \$4,225,000 to the Capital Projects Fund in November 2007.

2. Justice Court

Finding: State law requires the State Surcharge report be filed by the 10th of each month. In four of the twelve months, the report and related funds were filed late. These late submissions occurred in the first half of the fiscal year and have subsequently been filed timely since December 2006.

Recommendation: We recommend the Court Clerk continue to generate the report timely and request a hand write check, if needed, from accounting in order to ensure the report is filed timely.

Management's Response: The Justice Court will generate the required reports and make the appropriate payments by the 10th of each month.

3. Deficit Fund Balance

Finding: Under State law, deficit fund balances in any fund are illegal. We noted a deficit fund balance in the Central Garage Internal Service Fund of \$840 as of June 30, 2007. This deficit resulted in the City's noncompliance with State of Utah fund balance requirements.

Recommendation: We recommend management review the budget of this fund and take appropriate action to eliminate this deficit fund balance in accordance with State of Utah legal compliance guidelines.

Management's Response: A change in accounting procedures caused an unexpected and unbudgeted expense for accumulated compensatory and sick leave time in the amount of \$16,011 which caused the fund balance to go negative. The City will make appropriate revenue adjustments to eliminate this deficit fund balance in the next fiscal year.

MURRAY CITY CORPORATION
Schedule of Findings
Year Ended June 30, 2007

Requirement/Program

Current Year Findings

4. Budgetary Compliance

Finding: In accordance with State law, officers and employees of an entity shall not incur expenditures or encumbrances in excess of the total appropriation for any department. For the year ended June 30, 2007, expenditures exceeded budget amounts in the following departments:

<u>Fund</u>	<u>Department</u>	<u>Amount Over Budget</u>
General Fund	Debt service	\$10,155,874
Municipal Building Authority	Debt Service	1,404,731

Recommendation: The City should monitor the status over expenditures as compared to budget through the year, and amended the budget as necessary.

Management's Response: Exceeding the budget amount in both the General Fund and the Municipal Building Fund were a result of refunding the outstanding Municipal Building Authority bonds at a substantial net present value savings with sales tax bonds. The City will monitor any future refunding issues and amend the budget as necessary.

MURRAY CITY CORPORATION
Impact Fee Collection and Use for Enterprise Funds
Fiscal Year Ending June 30, 2007

Water impact fees	\$ 615,322.32
Reservoir modification	(93,940.32)
Pipe replacement	(456,342.91)
Replacement meters	(31,693.36)
New meters	<u>(33,345.73)</u>
Carryover	\$ -
Waste water impact fees	\$ 250,006.34
Construction & Improvement CVWR	<u>(250,006.34)</u>
Carryover	\$ -
Power impact fees	\$ 297,858.65
138KV line upgrade	(139,430.00)
Ordinary capital projects	<u>(158,428.65)</u>
Carryover	\$ -
Stormwater impact fees	\$ 2,895.00
Curb & gutter improvements	<u>\$ (2,895.00)</u>
Carryover	\$ -

Impact fees are collected and used on a city wide basis.
Detail of specific projects available upon request.

CONTINUING DISCLOSURE SECTION

MURRAY CITY CORPORATION
Continuing Disclosure-For all Revenue and Excise Tax Bonds of Murray City, Utah
Fiscal Year Ending June 30, 2007
Disclosure References

Municipal Building Authority of Murray City. Utah
Debt Issuance of the Municipal Building Authority
See Note 4 in Notes to Financial Statements in this Report.

Debt Structure of Murray City
Outstanding Municipal Debt of the City
See Note 4 in Notes to Financial Statements in this Report.

Financial Information Regarding Murray City
Certain Property Tax Matters—Historical City Tax Rates
See Schedule 6 in the Statistical Section of this Report.

Certain Property Tax Matters—Taxable and Estimated Market Value of Property
See Schedule 5 in the Statistical Section of this Report.

Certain Property Tax Matters—Tax Collection Record
See Schedule 8 in the Statistical Section of this Report.

Five Year Financial Summary- See Table 2 of Municipal Building Authority
Continuing Disclosure.

MURRAY CITY CORPORATION
Continuing Disclosure - Municipal Building Authority of Murray City, Utah
Lease Revenue Bonds Series 2001A & Sales Tax Bonds
Fiscal Year Ending June 30, 2007

Table 1A
Sources of General Fund Revenue

Set forth below are brief descriptions of the various sources of revenue available to the City's general fund. The percentage of total general fund revenues represent by each source is based on the City's audited financial statements for the year ending June 30, 2007.

Taxes--Approximately 73% of the general fund revenues are from taxes (approximately 60% from sales and use taxes; approximately 26% from general property taxes; approximately 14% from franchise taxes.

Fines and Forfeitures--Approximately 7% of general fund revenues are collected from fines and forfeitures.

Charges for Services--Approximately 6% of general fund revenues are from charges for services.

Intergovernmental Revenues--Approximately 6% of general fund revenues are from state and federal grants and shared revenues.

Licenses and Permits--Approximately 5% of general fund revenues are from licenses and permits.

Interest--Approximately 2% of general fund revenues are from interest income.

Miscellaneous Revenue--Approximately 1% of general fund revenues are from miscellaneous revenues..

Table 1B
Pledged Sales & Use Taxes

Fiscal Year Ending June 30	Pledged Sales And Use Taxes	Percent Change From Prior Year
2007	\$14,001,006	2.60%
2006	13,646,750	10.44
2005	12,356,922	4.09
2004	11,871,387	7.02
2003	11,092,873	(6.88)
2002	11,856,499	.65
2001	11,779,998	(.53)
2000	11,842,556	1.82
1999	11,630,547	9.86
1998	10,586,332	3.24

MURRAY CITY CORPORATION
Continuing Disclosure - Municipal Building Authority of Murray City, Utah
Lease Revenue Bonds Series 1997 and Series 2001A
Fiscal Year Ending June 30, 2007

Table 2
Murray City General Fund Balance Sheet
(This summary has not been audited)

	<u>Fiscal Year Ending June 30</u>				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
ASSETS					
Cash and cash equivalents	\$806,665	\$3,213,053	\$6,676,845	\$9,198,556	\$9,299,325
Investments	0	0	0	1,000,000	1,998,524
Special assessments	1,876	1,140	20,859	1,753	652
Other	206,493	131,322	1,509,373	437,351	193,515
Property taxes receivable	3,462,000	3,830,000	3,740,000	5,278,000	5,380,000
Due from other funds	3,825,529	3,300,000	1,177,480	465,803	110,000
Due from other governments	2,279,248	2,521,501	2,367,113	2,663,144	2,893,498
Notes receivable	2,646,957	2,459,077	2,345,465	2,230,331	2,104,397
Restricted cash & cash equivalents	119,311	273,038	0	0	0
TOTAL ASSETS	\$13,348,079	\$15,729,131	\$17,837,135	\$21,274,938	\$21,979,911
LIABILITIES AND FUND EQUITY					
Accounts payable	\$939,455	\$996,070	\$825,809	\$1,982,751	\$589,707
Accrued liabilities	619,739	1,294,262	1,281,043	1,168,659	1,202,727
Due to other funds	500	0	100,150	17,851	0
Deposits	18,809	18,809	12,699	12,699	12,699
Deferred revenue	7,263,195	7,617,107	7,489,375	9,031,908	9,018,108
Compensated absences	177,657	190,905	149,638	0	0
Total liabilities	9,019,355	10,117,153	9,858,714	12,213,868	10,823,241
Fund Balance					
Reserved:					
For capital projects	0	0	0	0	1,830,000
For class "C" roads	183,779	350,000	515,000	50,000	0
For UTOPIA	0	1,230,000	1,230,000	1,230,000	1,235,039
Unreserved					
Designated for subsequent years expenditures	0	0	0	0	0
Undesignated	4,144,945	4,031,978	6,233,421	7,781,070	8,091,631
Total Fund Equity	4,328,724	5,611,978	7,978,421	9,061,070	11,156,670
TOTAL LIABILITIES AND FUND EQUITY	\$13,348,079	\$15,729,131	\$17,837,135	\$21,274,938	\$21,979,911

MURRAY CITY CORPORATION
Continuing Disclosure - Municipal Building Authority of Murray City, Utah
Lease Revenue Bonds Series 1997 and Series 2001A
Fiscal Year Ending June 30, 2007

Table 2A
Murray City General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
(This summary has not been audited)

	<u>Fiscal Year Ending June 30</u>				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
REVENUES					
Taxes and special assessments	\$18,740,017	\$20,915,883	\$22,479,549	\$22,895,306	\$25,282,472
Licenses and permits	1,052,090	1,024,736	2,235,131	1,448,991	1,659,527
Intergovernmental	1,369,344	1,793,125	1,539,849	1,858,507	2,056,411
Charges for services	1,319,368	1,541,695	1,735,337	1,915,910	2,036,672
Fines and forfeitures	1,814,314	2,121,704	2,357,026	2,263,787	2,442,382
Interest	381,807	359,138	409,369	634,973	859,734
Miscellaneous	164,649	237,279	197,379	197,411	320,532
TOTAL REVENUE	\$24,841,589	\$27,993,560	\$30,953,640	\$31,214,885	\$34,657,730
EXPENDITURES					
Current:					
General government	4,128,390	4,478,171	5,074,547	5,104,793	5,406,712
Public safety	12,180,489	12,960,316	13,913,342	14,623,999	16,165,371
Highways and public improvements	4,884,314	7,489,857	4,809,252	5,733,760	4,556,938
Parks, recreation and public property	5,417,229	4,894,871	5,525,074	5,620,872	6,003,531
Debt service					
Principal	0	0	155,000	355,000	555,000
Interest and administrative charges	0	0	29,322	53,069	42,125
Bond issuance costs	0	0	0	0	158,837
TOTAL EXPENDITURES	26,610,422	29,823,215	29,506,537	31,491,493	32,888,514
Excess (deficiency) of revenues over expenditures	(1,768,833)	(1,829,655)	1,447,103	(276,608)	1,769,216
Other financing sources (uses)					
Operating transfers in	50,000	50,000	45,000	1,575,807	2,834,518
Operating transfers out	(560,000)	(25,000)	0	(512,000)	(2,797,030)
Sale of fixed assets	134,127	87,909	141,332	115,434	130,059
Bond proceeds or capital lease financing	0	3,000,000	733,008	180,016	10,155,874
Payments to refunded bond escrow	0	3,000,000	733,008	180,016	(9,997,037)
Net other financing sources (uses)	(375,873)	6,112,909	1,652,348	1,539,273	326,384
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(2,144,706)	4,283,254	3,099,451	1,262,665	2,095,600
Fund balance at beginning of year	6,473,430	4,328,724	5,611,978	7,978,421	9,061,070
Fund balance at end of year	\$4,328,724	\$8,611,978	\$8,711,429	\$9,241,086	\$11,156,670

MURRAY CITY CORPORATION
Continuing Disclosure - Electric Revenue Bonds - Series 2001, 2004 & 2006

Fiscal Year Ending June 30, 2007

Table 1

Power Rates

Rates fixed and charged for the energy distributed by Murray City Power are recommended by the Power Advisory Board and established by ordinance by the Mayor and City Council. Rates for electric service to customers of Murray City Power are not subject to approval of any Utah or federal regulatory body.

The Department last implemented a rate adjustment that will increase revenue by 1.8% on January 1, 2005. The unit costs and average monthly billings for most residential and commercial customers under current rates are as follows:

Residential

Customer Charge:	Per meter, per billing period	\$ 2.79
Energy Charge:	Peak Season (April thru September, inclusive)	
	First 600 KWH, per KWH:	\$ 0.0715
	All additional KWH, per KWH:	\$ 0.0802
	Off Peak Season (October thru March, inclusive)	
	All KWH, per KWH	\$ 0.0715

Residential (All Electric)

Customer Charge:	Per meter, per billing period	\$ 2.79
Energy Charge:	Peak Season (April thru September, inclusive)	
	First 600 KWH, per KWH:	\$ 0.0667
	All additional KWH, per KWH:	\$ 0.0747
	Off Peak Season (October thru March, inclusive)	
	First 400 KWH, per KWH:	\$ 0.0625
	All additional KWH, per KWH	\$ 0.0464

Commercial (General Service Small)

Customer Charge:	Per meter, per billing period	\$ 6.98
Energy Charge:	First 1500 KWH, per KWH	\$ 0.0770
	All additional KWH, per KWH	\$ 0.0389
Demand Charge:	Peak Season (April thru September, inclusive)	
	All KW above 5 KW, per KW:	\$10.40
	Off Peak Season (October thru March, inclusive)	
	All KW above 5 KW, per KW:	\$ 9.15

Commercial (General Service Large)

Customer Charge:	Per meter, per billing period	\$17.46
Energy Charge:	All KWH, per KWH	\$.0363
Demand Charge:	Peak Season (April thru September, inclusive) All KW, per KW:	\$10.95
	Off Peak Season (October thru March, inclusive) All KW, per KW:	\$ 9.63

AVERAGE MONTHLY BILL AND CONSUMPTION

	<u>Summer Bill</u>	<u>Summer KWH</u>	<u>Winter Bill</u>	<u>Winter KWH</u>
Residential	\$ 61.13	724	\$ 48.71	581
Residential (All Electric)	54.01	685	58.57	950
Commercial (General Service Small)	147.00	1,708	138.06	1,503
Commercial (General Service Large)	2,962.69	44,854	2,576.86	38,687

Bills for electric service are prepared and mailed by the City administration on a monthly basis. Second and third notices of non-payment are given 50 and 58 days, respectively, after the date of the initial bill. Electric service is terminated between 60 and 76 days after the date of the initial bill.

MURRAY CITY CORPORATION

Fiscal Year Ending June 30, 2007

Ten Largest Power Customers

<u>Name</u>	<u>Type of Business</u>	<u>KWH</u>	<u>% of the City's Total KWH</u>
Intermountain Health Care	Health Care	16,991,940	4.15
Okland Construction	Construction Company	13,173,600	3.22
Fashion Place Mall	Retail Mall	12,033,860	2.93
Murray City	Government	11,016,934	2.69
Murray School District	Public Education	7,326,180	1.79
Multi Technology	Medical Manufacturing	6,440,000	1.57
Costco	Retail Sales	4,519,831	1.1
Cookietree	Bakery	3,631,760	.88
Larry H Miller	Auto Dealerships	3,460,120	.84
Sam's Club	Retail Sales	<u>3,352,164</u>	<u>.82</u>
Totals.....		81,687,189	19.99%

MURRAY CITY CORPORATION
Continuing Disclosure - Electric Revenue Bonds - Series 2001, 2004 & 2006
Fiscal Year Ending June 30, 20067

Table 3
Power Department Annual Operating Statistics

	<u>Fiscal Year Ending June 30</u>				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Electric Revenues by Classes					
Residential	\$8,274,668	\$8,458,376	\$8,195,616	\$8,758,130	\$8,995,450
Commercial and Industrial	16,892,539	17,646,722	17,260,075	18,798,937	21,219,725
Other	664,695	732,671	715,472	739,225	743,341
Total Electric Revenues	<u>\$25,831,902</u>	<u>\$26,837,769</u>	<u>\$26,171,163</u>	<u>\$28,296,292</u>	<u>\$30,958,516</u>
Number of Metered Customers					
Residential	13,059	13,120	13,128	13,253	13,405
Commercial and Industrial	2,794	2,825	2,833	2,857	2,936
Other	146	142	151	159	159
Total Metered Customers	<u>15,999</u>	<u>16,087</u>	<u>16,112</u>	<u>16,269</u>	<u>16,500</u>
Peak Demand (kW)	93,150	98,300	93,310	98,560	98,560
Energy Generated & Purchased					
Total System Generation (MWh)	50,014	42,411	25,729	27,655	53,055
Purchased Power (MWh)	331,056	397,362	369,313	383,825	361,917
Total Energy Available (MWh)	<u>381,070</u>	<u>439,773</u>	<u>395,042</u>	<u>411,480</u>	<u>414,972</u>
Losses and System Use (MWh)	12,026	55,277	22,127	22,897	9,257
Energy Sales (MWh)	369,044	384,496	372,915	388,583	388,583
Electric Energy Sales					
Residential (MWh)	111,874	114,442	109,378	113,730	117,581
Commercial and Industrial (MWh)	246,935	241,960	252,429	263,954	277,203
Other (MWh)	10,235	28,094	11,108	10,899	10,931
Total Energy Sales (MWh)	369,044	384,496	372,915	388,583	405,715

MURRAY CITY CORPORATION
Continuing Disclosure-Electric Revenue Bonds-Series 2001, 2004 & 2006
Fiscal Year Ending June 30, 2007

Table 4
Power Fund Historical Operating Results(1)

	<u>2003</u>	<u>2004</u>	<u>Fiscal Year Ending June 30</u>		<u>2007</u>
			<u>2005</u>	<u>2006</u>	
Operating revenues:					
Energy sales revenue	\$31,622,662	\$28,047,182	\$26,571,079	\$28,354,736	\$30,958,516
Miscellaneous	708,868	993,772	2,392,127	1,277,487	2,122,246
Total operating revenues	32,331,530	29,040,954	28,963,206	29,632,223	33,080,762
Operating expenses:					
Cost of power	17,524,821	16,161,707	16,544,212	18,724,219	18,668,931
Operating and maintenance (excluding depreciation, amoriza- tion, in lieu of tax transfers and gain or loss on sale of assets)	8,338,540	9,202,322	8,702,165	8,808,848	10,283,521
Total operating expenses	25,863,361	25,364,029	25,246,377	27,533,067	28,952,452
Net operating revenues	6,468,169	3,676,925	3,716,829	2,099,156	4,128,310
Other income and expense (net)	174,107	133,726	305,636	3,325,206	821,369
Balance available for debt service	6,642,276	3,810,651	4,022,465	5,424,362	4,949,679
Debt service on bonds	1,633,300	1,631,300	1,868,221	2,336,823	2,262,010
Debt service coverage ratio	4.07	2.34	2.15	2.32	2.19

(1) Historical data has been taken from audited financial statements of the Power Fund.

MURRAY CITY CORPORATION
Continuing Disclosure-Electric Revenue Bonds-Series 2001, 2004 & 2006
Fiscal Year Ending June 30, 2007

Table 4A
Power Fund Projected Operating Results (1)

	Fiscal Year Ending June 30				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Operating revenues:					
Energy sales revenue	\$32,418,000	\$35,076,000	\$36,600,000	\$38,856,000	\$39,473,000
Miscellaneous	1,267,000	1,501,000	1,269,000	1,037,000	1,037,000
Total operating revenues	33,685,000	36,577,000	37,869,000	39,893,000	40,510,000
Operating expenses:					
Cost of power	19,203,000	20,225,000	21,213,000	23,416,000	25,097,000
Operating and maintenance (excluding depreciation, amoriza- tion, in lieu of tax transfers and gain or loss on sale of assets)	8,038,000	8,199,000	8,363,000	8,530,000	8,701,000
Total operating expenses	27,241,000	28,424,000	29,576,000	31,946,000	33,798,000
Net operating revenues	6,444,000	8,153,000	8,293,000	7,947,000	6,712,000
Other income and expense (net)	630,000	580,000	630,000	680,000	680,000
Balance available for debt service	7,074,000	8,733,000	8,923,000	8,627,000	7,392,000
Debt service on bonds	2,281,000	2,343,000	2,319,000	2,306,000	2,301,000
Debt service coverage ratio	3.11	3.73	3.85	3.75	3.22

(1) Basis of projection for Fiscal Years 2008 through 2012 utilizes actual data.

MURRAY CITY CORPORATION
Continuing Disclosure-Excise Tax Road Bonds-Series 2003
Fiscal Year Ending June 30, 2007

Table 1
Sources of Revenues for Class B and Class C Road Allocations
(Expressed in Thousands)

	<u>Fiscal Year 2002</u>	<u>Fiscal Year 2003</u>	<u>Fiscal Year 2004</u>	<u>Fiscal Year 2005</u>	<u>Fiscal Year 2006</u>
Motor Fuel Tax	237,925	236,639	239,925	241,484	240,432
Special Fuel Tax	84,406	84,523	86,163	93,837	101,098
Motor Vehicle Registration Fees	27,378	28,359	29,390	30,690	32,579
Proportional Registration Fees	11,665	11,838	11,830	12,122	13,040
Temporary Permits	401	397	360	336	357
Special Transportation Permits	5,831	6,112	5,962	6,612	7,351
Highway Use Permits	8,000	7,944	8,148	8,421	8,588
Motor Vehicle Control Fees	4,167	4,289	4,515	4,757	5,062
Mecellaneous Permits & Fees	1,610	1,721	1,852	1,895	1,928
Investment Income	2,075	1,655	1,934	3,457	5,746
Mecellaneous Other Income	1,720	3,081	1,049	1,677	2,019
TOTAL	385,178	386,558	391,128	405,288	418,200

(Source: Utah State Auditor's Office-Comprehensive Annual Financial Financial Reports.)

Table 2
Class C Road Fund Distributions

<u>Year</u>	<u>Murray City Allocations</u>	<u>Total B & C Road Fund Allocations</u>
2002	1,081,093	107,357,917
2003	1,177,321	115,755,260
2004	1,545,953	126,044,713
2005	1,200,096	99,940,917
2006	1,116,253	92,051,605
2007	1,515,171	124,415,351

(Source Murray City and Utah Department of Transportation)

Table 3
Calculation of Actual & Estimated Debt Service Coverage

<u>Fiscal Year</u>	<u>Actual* or Projected Class C Road Funds</u>	<u>Debt Service 2003 Bonds</u>	<u>Coverage</u>
2004*	1,545,953	34,688	44.57
2005*	1,200,096	599,025	2.00
2006*	1,116,253	598,225	1.87
2007*	1,515,171	597,225	2.54
2008	1,430,000	600,263	2.38
2009	1,460,000	600,075	2.43
2010	1,500,000	213,150	7.04

(Source Murray City)

MURRAY CITY CORPORATION
Continuing Disclosure-Water & Sewer Revenue Bonds-Series 2003
Fiscal Year Ending June 30, 2007

Table 1
Historical Net Revenues and Debt Service Coverage(1)(2)

	<u>2003</u>	<u>2004</u>	Fiscal Year Ending June 30		<u>2007</u>
			<u>2005</u>	<u>2006</u>	
Operating Revenue					
Charges for Services	6,132,548	7,293,072	6,935,371	7,623,055	8,080,274
Fees	566,679	429,738	2,014,598	710,462	875,538
Other	22,835	120,034	20,442	28,838	7,062
Total Sources of Funds	6,722,062	7,842,844	8,970,411	8,362,355	8,962,874
Operating Expenses					
Transmission & Distribution	2,146,999	2,281,379	2,421,315	2,413,218	2,694,049
Administration and General	1,654,477	1,887,448	1,671,031	1,732,515	1,625,194
Operation & Maintenance	773,453	696,875	707,456	966,519	1,044,722
(Excluding depreciation, amortization, in lieu of tax transfers and loss on joint venture)					
Total Expenses	4,574,929	4,865,702	4,799,802	5,112,252	5,363,965
Net Operating Income	2,147,133	2,977,142	4,170,609	3,250,103	3,598,909
Non-Operating Income					
Interest Income	1,802	61,432	61,321	176,344	286,392
Interest Expense on interfund loan	(148,236)	(37,000)	(30,000)	0	0
Developers Contributions	81,570	0	0	0	0
Gain (loss) on Disposal of Assets	(1,750)	2,340	43,988	107,015	314,530
Total Non-Operating Revenues	(66,614)	26,772	75,309	283,359	600,922
Balance available for debt service	2,080,519	3,003,914	4,245,918	3,533,462	4,199,831
Debt service on bonds	0	106,605	651,825	650,675	660,122
Balance Remaining After debt service	2,080,519	2,897,309	3,594,093	2,882,787	3,539,709
Debt Service Coverage	n/a	28.18	6.51	5.43	6.36

(1) The City had no outstanding debt payable from Revenues of the System prior to the Series 2003 Bonds.

(2) Data has been taken from audited financial statements of the Water and Sewer Funds.

MURRAY CITY CORPORATION

Fiscal Year Ending June 30, 2007

Ten Largest Water and Sewer Customers

<u>Name</u>	<u>Water Charges</u>	<u>Sewer Charges</u>	<u>Total</u>
Murray City Corporation	\$162,207	\$25,252	\$187,459
Murray School District	132,773	35,221	167,994
Intermountain Health Care	59,735	65,500	125,235
Stillwater Apartments	57,900	21,585	79,485
Winchester Estates	57,124	32,679	89,803
Murray Ut PM Group	53,616	6,408	60,024
Three Fountains Condos	44,662	41,903	85,565
Hunters Woods Apartments	42,491	53,196	95,687
JamesPointe Apartments	34,752	31,411	66,163
Fashion Place Mall	30,064	28,189	58,253

MURRAY CITY CORPORATION
Continuing Disclosure-Water & Sewer Revenue Bonds-Series 2003
Fiscal Year Ending June 30, 2007

Table 3A
Five Year Financial Summaries of the System

Balance Sheet-Water Enterprise Fund

	Fiscal Year Ending June 30				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Current assets:					
Cash and cash equivalents	26,347	1,239,544	2,602,412	2,709,029	4,921,635
Receivables:					
Accounts, net of allowance	518,285	510,367	349,375	655,891	823,401
Other receivables	450	450	8,975	6,444	1,020
Due from other funds	<u>0</u>	<u>0</u>	<u>33,288</u>	<u>0</u>	<u>0</u>
Total current assets	<u>545,082</u>	<u>1,750,361</u>	<u>2,994,050</u>	<u>3,371,364</u>	<u>5,746,056</u>
Restricted cash	0	1,658,133	422,702	0	0
Property, plant and equipment:					
Land	1,318,666	1,714,666	1,714,666	1,714,666	1,714,666
Buildings	570,550	570,550	570,550	904,024	904,024
Improvements other than buildings	14,073,404	14,702,406	18,538,057	19,925,064	20,161,372
Machinery and equipment	2,065,505	2,511,769	2,534,912	2,095,040	2,221,698
Furniture and fixtures	394,806	394,806	394,806	244,515	244,515
Construction in progress	517,574	3,446,352	244,954	0	260,304
Accumulated dedreciation	<u>(8,632,906)</u>	<u>(9,180,051)</u>	<u>(9,803,253)</u>	<u>(9,793,700)</u>	<u>(10,531,291)</u>
Net property, plant and equipment	<u>10,307,599</u>	<u>14,160,498</u>	<u>14,194,692</u>	<u>15,089,609</u>	<u>14,975,288</u>
Other assets					
Unamortized bond issue costs	0	22,762	21,564	20,366	19,168
Total assets	<u>10,852,681</u>	<u>17,591,754</u>	<u>17,633,008</u>	<u>18,481,339</u>	<u>20,740,512</u>
Liabilities:					
Current liabilities					
Accounts payable	163,659	991,617	218,829	45,795	403,497
Accrued liabilities	26,474	40,717	44,486	48,794	42,664
Due to other funds	234,133	10,085	10,085	53,374	960
Long-term debt - current portion	0	190,900	194,024	197,153	203,412
Accrued interest	<u>0</u>	<u>54,745</u>	<u>53,791</u>	<u>52,821</u>	<u>51,835</u>
Total current liabilities	424,266	1,288,064	521,215	397,937	702,368
Compensated absences:	66,147	70,186	74,477	63,316	199,444
Long-term debt, due after one year	<u>0</u>	<u>5,129,100</u>	<u>4,935,076</u>	<u>4,737,923</u>	<u>4,534,511</u>
Total liabilities	<u>490,413</u>	<u>6,487,350</u>	<u>5,530,768</u>	<u>5,199,176</u>	<u>5,436,323</u>
Net assets					
Investment in capital assets net of debt	10,307,599	9,031,398	9,065,592	10,154,533	10,237,365
Restricted for debt service	0	1,658,133	0	0	0
Unrestricted	<u>54,669</u>	<u>414,873</u>	<u>3,036,648</u>	<u>3,127,630</u>	<u>5,066,824</u>
Total net assets	<u>10,362,268</u>	<u>11,104,404</u>	<u>12,102,240</u>	<u>13,282,163</u>	<u>15,304,189</u>

MURRAY CITY CORPORATION
Continuing Disclosure-Water & Sewer Revenue Bonds-Series 2003
Fiscal Year Ending June 30, 2007

Table 3B
Five Year Financial Summaries of the System

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Water Enterprise Fund

	Fiscal Year Ending June 30				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Operating revenues					
Sales and charges for service	3,250,716	4,260,983	3,828,387	4,628,274	4,931,555
Connection servicing fees	397,576	269,711	1,240,859	461,180	11,735
Other	<u>15,098</u>	<u>62,109</u>	<u>13,685</u>	<u>16,120</u>	<u>7,062</u>
Total operating revenues	<u>3,663,390</u>	<u>4,592,803</u>	<u>5,082,931</u>	<u>5,105,574</u>	<u>4,950,352</u>
Operating expenses					
Transmission, distribution & maintenance	1,450,283	1,516,252	1,686,865	1,527,195	1,932,020
Administrative and general	1,210,223	1,426,708	1,208,218	1,218,429	1,105,821
Depreciation and amortization (1)	535,550	570,726	729,670	705,060	777,068
In lieu of tax transfers (1)	<u>304,137</u>	<u>380,475</u>	<u>342,363</u>	<u>432,418</u>	<u>466,707</u>
Total operating expenses	<u>3,500,193</u>	<u>3,894,161</u>	<u>3,967,116</u>	<u>3,883,102</u>	<u>4,281,616</u>
Operating income (loss)	<u>163,197</u>	<u>698,642</u>	<u>1,115,815</u>	<u>1,222,472</u>	<u>668,736</u>
Nonoperating revenues (expenses)					
Interest revenue	1,507	41,154	53,887	112,492	200,272
Interest expense	0	0	(215,854)	(212,056)	(208,014)
Contributed assets from developers	57,478	0	0	0	0
Gain (loss) on disposal of equipment	(2,853)	2,340	43,988	57,015	308,680
Impact fees	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>615,322</u>
Net nonoperating revenues (expense)	<u>56,132</u>	<u>43,494</u>	<u>(117,979)</u>	<u>(42,549)</u>	<u>916,260</u>
Income (loss) before operating transfers	219,329	742,136	997,836	1,179,923	1,584,996
Operating transfers in	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>437,030</u>
Charge in net assets	219,329	742,136	997,836	1,179,923	2,022,026
Net assets at beginning of year	<u>10,142,939</u>	<u>10,362,268</u>	<u>11,104,404</u>	<u>12,102,240</u>	<u>13,282,163</u>
Net assets at end of year	<u>10,362,268</u>	<u>11,104,404</u>	<u>12,102,240</u>	<u>13,282,163</u>	<u>15,304,189</u>

(1) Not included as an Operating and Maintenance Expense.

MURRAY CITY CORPORATION
Continuing Disclosure-Water & Sewer Revenue Bonds-Series 2003
Fiscal Year Ending June 30, 2007

Table 4A
Five Year Financial Summaries of the System
Balance Sheet-Sewer Enterprise Fund

	Fiscal Year Ending June 30				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Current assets:					
Cash and cash equivalents	85,916	556,392	1,433,959	1,527,379	1,899,691
Receivables:					
Accounts, net of allowance	259,274	266,774	266,309	260,686	332,832
Due from other funds	0	10,085	10,085	960	960
Due from other governments	<u>111,150</u>	<u>111,150</u>	<u>111,150</u>	<u>111,150</u>	<u>111,150</u>
Total current assets	<u>456,340</u>	<u>944,401</u>	<u>1,821,503</u>	<u>1,900,175</u>	<u>2,344,633</u>
Restricted cash	0	416,660	0	0	0
Property, plant and equipment:					
Land	178,487	178,487	178,487	178,487	178,487
Buildings	949,132	949,132	949,132	949,132	949,132
Improvements other than buildings	4,441,756	7,776,639	7,776,639	7,833,261	7,833,261
Machinery and equipment	1,279,795	1,279,795	1,279,795	1,324,131	1,336,333
Furniture and fixtures	102,762	102,762	102,762	102,762	102,762
Construction in progress	283,378	0	0	0	18,775
Accumulated dedreciation	<u>(3,535,892)</u>	<u>(3,725,419)</u>	<u>(4,085,386)</u>	<u>(4,136,252)</u>	<u>(4,411,600)</u>
Net property, plant and equipment	<u>3,699,418</u>	<u>6,561,396</u>	<u>6,201,429</u>	<u>6,251,521</u>	<u>6,007,150</u>
Other assets:					
Investment in joint ventures	5,955,256	5,662,169	4,178,178	3,652,056	3,239,123
Unamrotzized bond issue costs	0	<u>13,605</u>	<u>12,889</u>	<u>12,173</u>	<u>11,457</u>
Total other assets	<u>5,955,256</u>	<u>5,675,774</u>	<u>4,191,067</u>	<u>3,664,229</u>	<u>3,250,580</u>
Total assets	<u>10,111,014</u>	<u>13,598,231</u>	<u>12,213,999</u>	<u>11,815,925</u>	<u>11,602,363</u>
Liabilities:					
Current liabilities					
Accounts payable	110,907	339,933	73,489	91,404	104,025
Accrued liabilities	10,725	17,165	18,979	23,032	18,937
Due to other funds	2,014,133	1,800,000	6,480	9,471	0
Long-term debt - current portion	0	114,100	115,976	117,847	121,588
Accrued interest	0	<u>32,724</u>	<u>32,153</u>	<u>31,573</u>	<u>30,984</u>
Total current liabilities	2,135,765	2,303,922	247,077	273,327	275,534
Compensated absences:	17,103	16,958	16,358	20,239	64,243
Long-term debt, due after one year	0	<u>3,065,900</u>	<u>2,949,924</u>	<u>2,832,077</u>	<u>2,710,489</u>
Total liabilities	<u>2,152,868</u>	<u>5,386,780</u>	<u>3,213,359</u>	<u>3,125,643</u>	<u>3,050,266</u>
Net assets					
Investment in capital assets net of debt	9,654,674	9,157,665	7,313,707	6,953,653	6,414,196
Restricted for debt service	0	416,660	314,066	314,066	0
Unrestricted	<u>(1,696,528)</u>	<u>(1,362,874)</u>	<u>1,372,867</u>	<u>1,422,563</u>	<u>2,137,901</u>
Total net assets	<u>7,958,146</u>	<u>8,211,451</u>	<u>9,000,640</u>	<u>8,690,282</u>	<u>8,552,097</u>

MURRAY CITY CORPORATION
Continuing Disclosure-Water & Sewer Revenue Bonds-Series 2003
Fiscal Year Ending June 30, 2007

Table 4B
Five Year Financial Summaries of the System
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Sewer Enterprise Fund

	Fiscal Year Ending June 30				
	<u>2003</u>	<u>2004</u>	<u>2004</u>	<u>2006</u>	<u>2007</u>
Operating revenues					
Sales and charges for service	2,881,832	3,032,089	3,032,089	2,994,781	3,150,719
Connection servicing fees	169,103	160,027	160,027	249,282	(1,525)
Other	<u>7,737</u>	<u>57,925</u>	<u>57,925</u>	<u>12,718</u>	<u>0</u>
Total operating revenues	<u>3,058,672</u>	<u>3,250,041</u>	<u>3,250,041</u>	<u>3,256,781</u>	<u>3,149,194</u>
Operating expenses					
Transmission, distribution & maintenance	696,716	765,127	765,127	886,023	762,029
Administrative and general	444,254	460,740	460,740	514,086	519,373
Depreciation and amortization (1)	212,440	189,527	189,527	249,082	296,003
Central Valley operation & maintenance	773,453	696,875	696,875	966,519	1,044,722
In lieu of tax transfers (1)	<u>304,137</u>	<u>276,481</u>	<u>276,481</u>	<u>277,467</u>	<u>275,594</u>
Total operating expenses	<u>2,431,000</u>	<u>2,388,750</u>	<u>2,388,750</u>	<u>2,893,177</u>	<u>2,897,721</u>
Operating income (loss)	<u>627,672</u>	<u>861,291</u>	<u>861,291</u>	<u>363,604</u>	<u>251,473</u>
Nonoperating revenues (expenses)					
Interest revenue	295	20,278	20,278	63,852	86,120
Interest expense	(148,236)	(143,605)	(143,605)	(141,411)	(137,108)
Gain (loss) on disposal of equipment	1,103	0	0	50,000	5,850
Equity loss in joint venture (1)	(417,465)	(484,659)	(484,659)	(646,403)	(594,526)
Contributed assets from developers	24,092	0	0	0	0
Impact fees	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>250,006</u>
Net nonoperating revenues (expense)	<u>(540,211)</u>	<u>(607,986)</u>	<u>(607,986)</u>	<u>(673,962)</u>	<u>(389,658)</u>
Income (loss) before operating transfers	87,461	253,305	253,305	(310,358)	(138,185)
Operating transfers	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Charge in net assets	87,461	253,305	253,305	(310,358)	(138,185)
Net assets at beginning of year	<u>7,870,685</u>	<u>7,958,146</u>	<u>7,958,146</u>	<u>9,000,640</u>	<u>8,690,282</u>
Net assets at end of year	<u>7,958,146</u>	<u>8,211,451</u>	<u>8,211,451</u>	<u>8,690,282</u>	<u>8,552,097</u>

(1) Not included as an Operating and Maintenance Expense.

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